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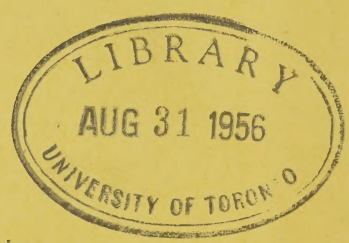


PLEMENT TO WEEKLY BULLETIN  
OF THE  
DEPARTMENT OF TRADE AND COMMERCE

# CHINESE MARKETS FOR CANADIAN PRODUCTS


BY  
J. W. ROSS

Canadian Trade Commissioner to China



Issued by authority of the Right Hon. Sir George E. Foster, K.C.M.G., P.C.  
Minister of Trade and Commerce

OTTAWA  
J. DE LABROQUERIE TACHÉ  
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY  
1919



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# CHINESE MARKETS FOR CANADIAN PRODUCTS.

## CHAPTER I.

### Importance of China as a Field for Commercial Enterprise.

The importance of China as a field for commercial exploitation and endeavour is yearly becoming more manifest. From the beginning of the present century and up to the opening of the great war, the value of the markets of China has been regarded by all trading nations as possessing promising and even unique possibilities. The four great trading and manufacturing countries of the world—Great Britain, the United States, Japan and Germany—each had recognized this fact, and each in its own way was actively engaged in perfecting plans for the further extension of its influence and trade, in the way of solidifying existing interests and securing others. The coming of the war, with all the concomitant disturbing factors associated with that event, was bound to have the effect of checking trade expansion—for a time at least—in a country so indifferently organized in respect to foreign commerce as is the case with China. But notwithstanding this fact, the adaptability and wonderful elasticity of Chinese commerce quickly asserted itself, and the serious falling away of trade in 1915 was almost entirely readjusted in 1916, and overcome to such an extent in the following year that the volume of foreign trade in 1917 surpassed all previous records, and amounted in value to over one billion dollars gold.

That this is a trade which is well worth going after the Canadian reader must agree, particularly as the demands of China comprise many lines of products and manufacture which are peculiar to Canada. The object of this report is therefore to give a geographical description of China, its chief seaports and markets for foreign goods, routes and means of communication, as well as an analysis of China's foreign trade and chief imports. The agricultural and industrial interests of China will also be considered, and the chief exports of the country will be set forth. In this manner it is hoped that China will be better understood than it is at present, and a more comprehensive knowledge of this market and the commercial conditions prevailing in China will be conveyed, which will be of assistance to Canadian shippers and manufacturers in promoting trade with this country.

#### GEOGRAPHICAL EXTENT AND POSITION.

It is hardly necessary to mention what is well known to all, that China is one of the largest political divisions of the world, and has the greatest population under one government of all countries. Its most northerly point is about 53 deg. 30 min. north latitude, while its southern extremity, the island of Hainam, is in latitude 18 north. From west to east it extends over more than 60 degrees of longitude (from 74 degrees to 135 degrees), and following upon the British Empire and Russia, China ranks next in area of territory, and has a greater population than either. Roughly speaking, the land area comprises 4,300,000 square miles, and has an estimated population of between 300,000,000 and 400,000,000.

For administrative purposes China proper is divided into eighteen provinces. It is not necessary to give the names of all the provinces collectively, as they are difficult to remember, but several will be referred to individually during the course of this review. In addition to those provinces, which are referred to officially by the Chinese as the eighteen provinces, there is also Manchuria, which comprises three others, known



as the three eastern provinces, and Mongolia, Tibet, and Chinese Turkestan. The area of all being:—

	English Square Miles
China Proper . . . . .	1,535,000
Manchuria . . . . .	365,000
Mongolia, Tibet and Turkestan . . . . .	2,400,000
Total . . . . .	4,300,000

The population has been variously estimated by different writers, and a considerable diversity of opinion exists upon the subject. Parker, in *China Past and Present*, gives the figures for China proper as 385,000,000, and for China outside the great wall, Manchuria, 16,000,000; other dependencies—Mongolia, Tibet, etc.—10,000,000, or 411,000,000 in all. These figures are probably somewhat in excess of the actual population.

The position of China on the map is similar to that of the United States, for, occupying much the same area of latitude as the latter, it presents the same diversities of climate, and land products. Thus the extensive timber areas on the Yalu river, in Southern Manchuria are situated in much the same latitude as the forests of Maine, and as the American coast line is followed down to the Mexican gulf, so the China coast is seen to extend through subtropical latitudes ultimately reaching the gulf of Tonking, the southern extremity of China being a few degrees only lower than that of the United States, and consequently somewhat more tropical. The latitude of the two countries being the same, it naturally follows that the products of each should correspond, and such is the case. In the north of China the domestic grains such as wheat, barley, rye, buckwheat and beans are successfully cultivated, and cattle, horses, mules, sheep and pigs are reared. Apples, pears and grapes also thrive when properly cared for. The winters here are extremely cold, the thermometer frequently registering as low as 40° below zero Fahrenheit.

In the central and southern portions of the country, cotton, silk, tea, and rice are the chief products. Cattle rearing is not very successful. Further south, rice is the principal crop. Sugar cane is also cultivated, and the tropical fruits such as oranges, limes, persimmons, figs, dates and bananas are important products.

#### THE BEGINNING OF CHINA'S FOREIGN TRADE.

As it is feared that China is greatly misunderstood by many who have not visited the country, it has been thought well, before proceeding to give a review of trade and other conditions, to set forth a brief preliminary account of the beginning of China's trade relations with foreign countries, for this is of comparatively recent date, and in order to trace gradually the development of China's overseas trade from the middle of the last century up to the present time, the events preceding the opening of the first five treaty ports in 1842 must be considered more in the light of adventure than in that of organized commercial pursuits.

It is difficult to state when China first began to trade with other countries. Chinese silks were known to have reached Persia and other Near Eastern countries in the time of the Roman Empire. Chinese junks were seen by an English writer in the Persian gulf and the Red sea in the fifteenth century. Probably the first intercourse that Chinese traders had with foreign countries was by way of the central Asian caravan route overland. The first Europeans to have intercourse with China by the sea route were the Portuguese, about 1516 or 1517. The Spaniards, who had been in the Philippines in 1543, sent a mission to Peking in 1580, but it returned to Manila from Canton without visiting Peking. The Dutch were the next to visit China, in 1604 and again in 1622, and were settled in Formosa for a time. Queen Elizabeth of England wrote a letter to the Emperor of China in 1596 which was not delivered. The first English mission arrived in China in June, 1637. The Russians reached China by land in 1567. The French did not enter the country until 1688,



and the Americans first came in 1784. It is not necessary to state here the many difficulties which attended the coming of those first visitors to China, the obstructions placed in their way by the Government and officials, the refusal of the Emperor to give audience to the ambassadors and heads of missions, or the different wars that resulted therefrom; all such has been fully set forth in many books upon China, and space does not permit of it being inserted here.

#### TREATIES AND TREATY PORTS.

At the beginning of China's overseas trade with European countries the only port open to commerce was Canton. The mission of Captain Weddel in 1637 brought on troubles which resulted in the capture of the Bogue forts, and the Chinese officials sued for peace. After this event there was no further trade between England and China for nearly fifty years. On the resumption of attempts to open up trade relations with the country, the many exactions of the Canton officials caused foreign merchants to try to evade the imposts by seeking an entrance to other southern ports—Amoy, Foochow, Ningpo, etc., but in these attempts they were even less successful than at Canton, consequently they returned to the latter port. By an Imperial decree of 1757 all other ports of China were closed to foreign trade, and from that year until 1842, a period of over eighty years, Canton was the only gateway in China to foreign commerce and intercourse. The treaty of Nanking was signed on August 29, 1842. By this treaty five Chinese ports were opened to foreign trade, and British subjects and their families were permitted to reside therein and to carry on mercantile pursuits without molestation or restraint. By the same treaty the privilege of appointing consular officers to reside in each port was also accorded. Those first five treaty ports were Canton, Amoy, Foochow, Ningpo, and Shanghai. In 1858 other ports were opened to foreign trade, including two on the island of Formosa which was at that time a Chinese possession. At subsequent periods other ports were declared open by special treaties, among them being Tientsin in the north and Hankow on the Yangtze river. After the Japan-China war (1895), other river towns were declared treaty ports, and since that date other places have been opened, either voluntarily by the Chinese Government or under special agreement with the Powers, until at the date of writing there are forty-seven open ports in which foreign merchants are permitted to reside and to carry on business, and where customs houses have been established.

From the foregoing it will be observed that as yet the whole of China is not open to foreign commerce, and that there are still many large interior cities and provincial capitals in which foreign merchants are not permitted to carry on business in their own names, for beyond those forty-seven open ports no foreign merchants are permitted to reside. They may do business elsewhere it is true; not in their own names, however, but through Chinese firms and agents, and their own names must not appear. That still more stations will regularly be brought under Customs control until the whole of China is finally thrown open to foreign trade, is not unlikely. It is not probable, however, that many foreign merchants will avail themselves of the privilege of residing in many of those far-away interior points, for the tendency is for the foreign trader to concentrate his efforts in the larger centres and those at present are comparatively few; in fact many of the older ports are of less importance to-day than twenty years ago, and contain fewer foreign merchants than at any time in their history. At all the treaty ports certain special privileges have been accorded to foreign imported goods, which once having paid duty at the original port of entry, can pass duty free irrespective of like to another treaty port. This will be referred to later on under the heading of Customs Duties. It will thus be seen that there are many gateways of trade by which foreign goods are able to reach consumers in the interior, yet only a limited number of such ports are concerned in direct overseas commerce; therefore the great majority may be disregarded as having little interest for shippers at home, but the chief ports—Shanghai, Hankow, Tientsin, Dairen, Chefoo and Tsin-tao—will be fully reviewed.



## EARLY TRADERS.

The methods of business are still those which were established by the first foreign merchants many years ago, and, particularly in the outports, have changed little with the changes of the times. In the early days the new arrivals found it easier to conform to the customs of the country than to adopt new methods of their own. Thus a system of trading was established which has changed little during the past half-century. From the beginning of China's trade relations with other countries, foreign merchants have not only been dealers in imported goods but they have also been largely engaged in the export trade of Chinese natural products. Such products were in many cases peculiar to China, and much in demand in all foreign markets. It is not so long ago since China controlled the tea markets of Europe and America, and its silk was eagerly sought after. The early traders thus became both importers and exporters. Business houses were not so numerous as they are to-day, competition was less keen, and their operations were extremely profitable. But with the coming of steamships and the extension of the coasting trade, and the opening up of the country even by a few railways, conditions have greatly changed within recent years. Foreign trade has become more centralized in the larger ports, and the direct overseas trade of the smaller ports has almost entirely disappeared. It is now a rare event when a home-bound steamer enters such ports as Ningpo, Foochow or Amoy, ports which in former years were active centres of foreign shipping, and a visitor to these ports will find old hong buildings or their extensive hong houses either falling into ruins or occupied by Chinese. From the local point of view of the ports in question such changes are unfortunate, yet they are the inevitable results of the centralizing tendencies of modern business; and while the methods of the early merchants have not materially changed, yet their efforts are more directly centred in the larger ports, and their branches in the outports are annually becoming of less importance, and in many cases are mostly concerned with the shipping portion of their business.

## OLD FIRMS.

Many of the old firms which flourished in the China trade in the early days have passed from the scene of their activities, while some are still in existence. In the interval many partners have retired, but the business goes on as of old.

In addition to their functions as merchants, with the extension of shipping and new steamship lines, these firms became in course of time steamship agents, and also marine and fire insurance agents and brokers; in fact, agencies were taken on for anything likely to be required in the country. Almost any of the large firms are now able to give a price on either piece-goods, typewriters, machine guns, flour, or machinery; and many of them also figure upon, and tender for, government contracts and public works. The old firms were nearly all of either British or American nationality, for the trade of continental countries with China in those days was not great. Up to the eighties of the last century Germany was scarcely heard of in China, and Japan had not yet begun to be a manufacturing country. France and Italy took a considerable quantity of silk from China, but the export trade of either has never been of much account. American sailing ships from the New England coast were extensively engaged in the China trade, and several of the larger firms were of American nationality, but the greater number were British. The chief article of import of those days—as it is to-day—was cotton cloth, and Chinese exports were silk and tea. In fact, these three articles represented practically the whole of China's foreign trade. Some hardware and other miscellaneous lines were imported, but the volume of this trade was insignificant.



## TRADE OF EACH PORT.

The relative importance of the foreign commerce of each port will be better understood after a study of the following table, whence it will be seen that out of the forty-seven open ports only about ten or twelve exhibit any great volume of foreign trade:—

	Imports. Haikwan Taels.	Exports. Haikwan Taels.	Total. Haikwan Taels.
Total trade of China, 1917.. . . .	549,518,774	462,931,630	1,012,450,404
Trade of each port—			
Shanghai.. . . .	210,085,990	197,354,659	407,440,649
Hankow.. . . .	36,755,278	12,767,776	49,523,054
Tientsin.. . . .	53,511,587	17,375,935	70,887,522
Tsingtao.. . . .	17,824,772	16,899,201	34,723,973
Chefoo.. . . .	8,955,077	3,767,279	12,722,356
Canton.. . . .	27,874,400	49,994,066	77,868,466
Swatow.. . . .	13,598,363	9,721,360	23,319,723
Kowloon.. . . .	33,633,285	14,172,690	47,805,975
Kowloon railway traffic.. . . .			3,624,336
Manchuria—			
Dairen.. . . .	58,274,497	51,575,541	109,850,038
Antung.. . . .	28,520,099	9,253,105	37,773,204
Harbin District.. . . .	8,776,682	30,775,426	39,552,108
All other ports.. . . .			97,359,000
Total.. . . .			1,012,450,404

NOTE.—For value of Haikwan taels, see page 56.

## CHAPTER II.

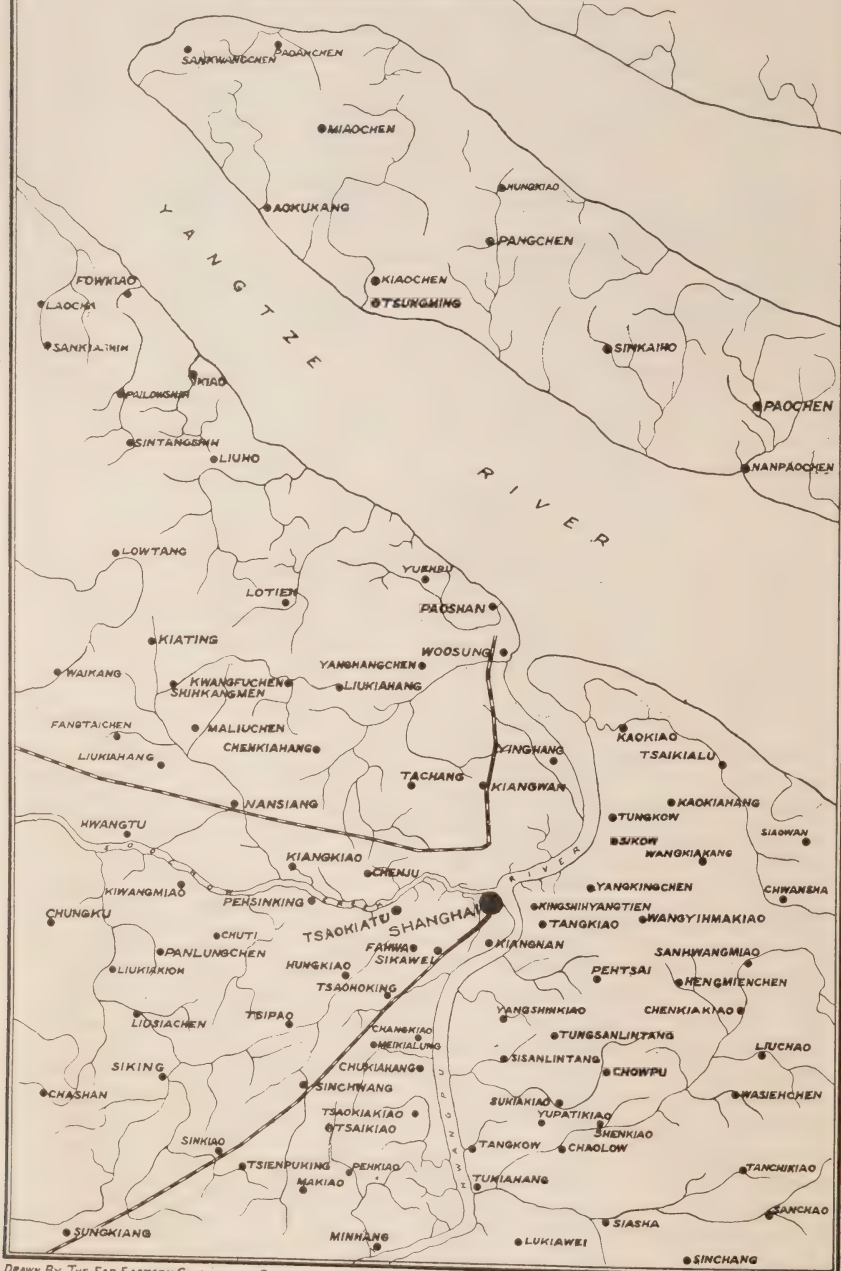
## Shanghai and the Yangtze Valley.

In all countries there is always one seaport that is chief, due usually to some special advantage of location and situation. Of the five ports opened to foreign trade in 1842, Shanghai is the only one that has maintained a steady advancement, and this advancement has been at the expense of the other four; each of the latter progressed for a time and then stood still, and finally receded. The present-day tendency for the centralization of trade is inevitable. In these days of fast-sailing ships too many ports of call are a disadvantage; port charges are heavy and time is lost, and so liners make only one port, and load and discharge in the quickest possible time and are away; and as shipping makes a port, the chief one grows larger at the expense of the smaller ones. The port of Shanghai has passed the experimental stage of its development and must now be regarded as one of the world's great ports. Its situation at the mouth of the river gives it command of the rich Yangtze valley and the trade of the River provinces of Central China, and it can be rightly regarded as the chief commercial, financial and industrial city of China, past as well as present.

The growth of Shanghai comparatively has not been rapid, but its progress has been constant and in keeping with the development of the foreign trade of the country. When the port was first opened to foreign trade in 1842, a small area of territory was set aside as a place of residence for the foreign community and for the erection of business premises in which to carry on its commercial operations. This limited tract was soon found to be much too circumscribed; but under agreements with the Chinese Government, additions have been permitted from time to time until to-day the so-called foreign settlement or concession occupies a considerable territory, and extends from the river on the east several miles west and north into the country. The area of the settlement proper is 5,584 English acres, and of the new extension 4,340 English acres. The settlement is called international, and its municipal affairs are administered by an elected council composed of British, American, Japanese and Russian representatives, and before the war one German was upon the council. The

# SKETCH MAP OF SHANGHAI DISTRICT

APPROXIMATE SCALE OF MILES



DRAWN BY THE FAR EASTERN GEOGRAPHICAL ESTABLISHMENT, SHANGHAI

French have their own separate concession adjoining the international settlement on the south. Chinese are not permitted to own land in their own names within the settlement, but many thousands reside within the limits and receive the protection which they might not obtain in purely Chinese territory, and have also the general advantage of a clean and modern place of residence not usually found elsewhere in China. Visitors and tourists coming to Shanghai usually express themselves as being disappointed that there is nothing to see; this is quite true, for apart from its native population, Shanghai has just the appearance of a busy commercial port in any part of the world with the usual modern buildings, banks, hotels, tram-cars, motor-cars, etc., as met with in Europe and America. The old walled Chinese city of Shanghai adjoins the French concession on the south. It never was a city of any great political or commercial importance, and is still less so to-day. The native city is of no interest to the foreign residents of Shanghai; it is extremely dirty, but appears to have some attraction for tourists and globe-trotters.

#### POPULATION OF THE FOREIGN SETTLEMENT IN SHANGHAI.

The population of the foreign settlement at the last census, taken on October 16, 1915, was as follows:—

British.. . . .	4,822
American.. . . .	1,307
German.. . . .	1,155
Russian.. . . .	361
Other Europeans, etc.. . . .	3,705
Japanese.. . . .	7,169
Chinese.. . . .	620,401
Total.. . . .	638,920

These figures will need to be considerably readjusted if brought up to date, for it is well known that the Japanese population has greatly increased within the past three years. Americans will also show an increase, while the number of Europeans has no doubt somewhat decreased, on account of the war and general stagnation of business. A large number of Russian refugees have also recently found shelter in Shanghai, but the permanent population of Russian people has not increased.

#### THE PORT AND HARBOUR.

Shanghai is not directly on the sea, but is situated on a small river called the Whangpoo. The river joins the sea at Woosung, sixteen miles from the Bund at Shanghai; the larger liners and sea-going vessels do not come up the river, but are obliged to anchor and discharge and receive cargo from lighters at Woosung, and the passengers are conveyed by launch to the Bund.

Coasting steamers and all vessels of moderate tonnage come all the way up and discharge at the different wharfs and docks. The river at all times is full of life and activity; scores of ships in dock line the two sides or are anchored in the stream. Numerous small steamers and Chinese junks are constantly coming or going out, and steam launches are continuously moving about. Both banks of the river on the near approach to Shanghai are occupied by docks, warehouses and factories. This manufacturing and shipping is yearly becoming further extended, and it is now difficult to obtain suitable points for further extension of manufacturing plants, and the value of land with water frontage is held at very high figures. Conservancy work on the river is all the time in operation, in carrying out a scheme for the straightening of the Whangpoo and deepening of the channel which was put under way some years ago.

It is not questioned that the future permanence and importance of Shanghai as a great seaport is assured; and as the growth of industrial enterprises and the development of its shipping industries is yearly becoming more evident, it is not improbable



that before many years the whole sixteen miles of river frontage lying between the city and the sea will be occupied by docks and warehouses, and that an additional harbour may require to be constructed at Woosung. The report of Mr. H. von Heidenstam, the Dutch engineer in charge of conservancy work now in progress on the Whangpoo, in setting forth the needs of better harbour facilities at Shanghai, states in part:—

(a) The trade between Asia and other continents will in the immediate future increase enormously.

(b) The construction of the Panama canal ensures the traffic on the Pacific and Indian oceans making great progress as compared with the traffic on the Atlantic.

(c) Among the merchants and mercantile fleets which will benefit by the increase in trade on the Pacific and Indian oceans, the Asiatic will hold a specially favourable position.



The Bund, Shanghai, looking south.

(d) It is to be expected that the world will no longer fail to obtain the co-operation of China in the development of intercourse on the oceans. A step in this direction is the construction of modern harbours in China.

The same report further states: Between Woosung and Shanghai there could be a length of shore—on both sides of the river—totalling thirty-eight miles, along which deep water quays might be constructed. The basin would have a width of from 1,000 to 2,250 feet, sufficient for the largest vessels. Its area would be 6.8 square miles, seven times that of the London dock, and  $2\frac{1}{2}$  times that of the present harbour of Hamburg.

Shanghai is also the great financial and banking centre of the country. Foreign exchange is fixed in Shanghai taels every day, and the other ports arrange their rates accordingly. There are fifteen foreign banks in the port and quite as many more Chinese banks. The industrial life of the port is very active, and new development is

going on all the time. The industries in operation consist of shipbuilding yards, cotton mills, silk filatures, flour mills, cigar and cigarette factories, soap and candle works, paper mills, iron foundries and machine shops, and a multitude of native industries of every description.

#### TRADE OF SHANGHAI.

The supremacy of Shanghai over all other ports of China is also shown by the annual trade returns of the Customs administration; the proportion credited to this port being approximately 40 per cent of the total foreign trade of the country. In this connection it is to be pointed out that it is not as a consuming centre that Shanghai has attained to this pre-eminence of trade as much as to its importance as a receiving and distributing centre for foreign goods. For the six years 1911-17—that is for three years preceding and three years during the war—the following figures will show the portion of the total trade of China which is credited to Shanghai.

#### *Trade of China.*

	Imports. Haikwan Taels.	Exports. Haikwan Taels.	Total. Haikwan Taels.
1912.. . . . .	473,097,031	370,520,403	843,617,434
1913.. . . . .	570,162,557	403,305,546	973,468,103
1914.. . . . .	569,241,382	356,226,629	925,468,011
1915.. . . . .	454,475,719	418,861,164	873,336,883
1916.. . . . .	516,406,995	481,797,366	998,204,361
1917.. . . . .	549,518,774	462,931,630	1,012,450,404

#### *Trade of Shanghai.*

	Imports.	Exports.	Total.
1912.. . . . .	210,071,837	165,524,500	375,596,337
1913.. . . . .	244,452,421	176,858,415	421,310,836
1914.. . . . .	238,589,548	147,692,094	386,281,642
1915.. . . . .	198,214,384	201,437,780	399,652,164
1916.. . . . .	207,034,740	213,935,810	420,970,550
1917.. . . . .	210,085,990	197,354,659	407,440,649

### CHAPTER III.

#### Cities of Central and North China.

##### HANKOW.

The city of Hankow from its location has been styled the Chicago of China, and as a commercial port ranks next to Shanghai. It is placed almost in the centre of China on the Yangtze river 600 miles from the sea. As yet there is not complete railway connection between Shanghai and Hankow, but several lines of excellent river steamers are continuously plying between the two ports, and the passage is made in comfort and even luxury.

The up-river passage takes from seventy-two to eighty-four hours, the downward trip about sixty hours. Five calling places are stopped at on both up and down trips, all of these being open treaty ports, where custom houses have been established. In Hankow in the season will be seen ships of many foreign nationalities either discharging or receiving cargo. Russian ships for Batoum in the tea season; timber-laden vessels from either Puget Sound or Japan discharging Oregon pine (*i.e.* Douglas fir) timber or railway sleepers and returning with cargoes of iron ore to Japan; Norwegian vessels loading tea for European ports; and kerosene oil tankers from the eastern United States which have reached their destination by way of the Suez Canal. For many generations Hankow has been considered one of the four great trading centres of China, the other three being Canton, Shanghai, and Tientsin,

APPROXIMATE SCALE OF MILES





and it was one of the early so-called treaty ports to be opened to foreign trade. The commercial possibilities of the port were quickly recognized by many foreign governments, and consequently British, French, Russians, Japanese and Germans established themselves and acquired settlement concession there some years ago.

Had another city occupied a similar position to that of Hankow in any other country excepting China, it would not be difficult to see what its commercial position would be to-day, for it cannot be said that Hankow has made very rapid development considering all the advantages of geographical position and facilities of transportation which the port enjoys. This cannot be put down entirely to any faults on the part of either the port or its merchants, but rather to the general backwardness that has



The Water Front at Hankow.

characterized the whole of China for many years. Happily there are many signs which point to great changes and universal trade expansion within a reasonable time, and the position which Hankow occupies as a great collecting and distributing centre will enable the port to take full advantage of and assist in the general commercial development which must eventually come to China.

The overplus of five of the largest provinces of China finds its way to Hankow either for distribution to other parts of the country or for shipment abroad. On the other hand, Hankow is the distributing point for all the foreign goods consumed within those provinces. The export articles in which Hankow is concerned consists of the numerous products of Western and Central China, chief of which are, tea, hides and skins, wool, beans and seeds, seed oils, wood oil, tallow, hemp and other fibres, gall nuts, China grass, wheat and other grains, and numerous other native product. Hankow is the central market for the immense internal trade of a population of well over 150,000,000 people, distributed in five provinces throughout what is familiarly known as the Upper Yangtze valley and far western province of Szechuen.

The ultimate importance of this market is not difficult to estimate: for the time being the difficulties of communication are the chief elements in delaying progress, but the construction of a few hundred miles of railway radiating from Hankow must soon effect surprising changes among the people of the district and in the commercial activity of the port of Hankow. The articles in demand throughout the territory are the same as those now being sold in other portions of China: timber, cotton cloth, kerosene oil, matches, soap and candles, hardware, paper, sugar, machinery, leather and many miscellaneous lines. Hankow is an important timber market, the imports in 1917 amounting to over 10,000,000 square feet, and for export it is the great centre of the China tea trade. The total trade of the port in 1917 amounted to \$171,000,000, of which imports represented \$70,000,000 and exports \$101,000,000 (Canadian currency). Apart from its greatness as a commercial port, Hankow is also very important industrially: it is the centre of the iron and coal production of China, the steel works at Han-Yang and the coal fields of Taiyeh being in close proximity. In addition, engineering works of considerable importance are in operation, as well as paper and flour mills, shipbuilding, machine shops, etc.

#### ADJACENT CITIES.

Adjacent to Hankow, which lies upon the north or right bank of the river, there is upon the left bank the very large and important city of Wuchang, which is the provincial capital and chief political city of Hupeh province. Further to the west, and on the right bank of the Han river at the point where the latter joins the Yangtze, is situated the important industrial city of Han Yang, where are to be seen the extensive works of the Han Yih Ping Iron and Coal Company.

These three important cities together are frequently referred to as the Wu Han towns. They occupy a unique position as administrative, industrial and commercial cities situated close together in the centre of China.

#### VOLUME OF TRADE IN 1917.

The total net trade of the port for 1917, native and foreign, amounted to Haikwan taels 170,000,000, of which imports represented Hk. tls. 70,000,000, and exports Hk. tls. 100,000,000, and of this the total net foreign trade with foreign countries and Hong Kong, reached the sum of Hk. tls. 47,300,000 for imports and Hk. tls. 10,000,000 for exports; but the larger portion of the remaining 90,000,000 taels in value of exports must have eventually reached foreign countries by way of other China ports, notably Shanghai.

#### IMPORTS.

The chief articles of import of foreign goods, with their values in round figures in 1917, were as follows. (It will be observed that this list includes many lines of goods usually produced in Canada).

Net Foreign Imports—	Haikwan Taels.
Cotton piece-goods of every description.. . . .	10,800,000
Cotton yarn and thread.. . . .	6,140,000
Woollen and miscellaneous piece-goods.. . . .	670,000.
Metals and minerals.. . . .	2,600,000
Bags, gunny.. . . .	237,000
Beds, brass and iron.. . . .	18,000
Belting, leather.. . . .	56,000
Biscuits.. . . .	10,000
Butter.. . . .	33,000
Candles.. . . .	83,000
Canned vegetables and fruits.. . . .	28,600
Condensed and evaporated milk.. . . .	57,600
Cigarettes.. . . .	2,838,500
Confectionery.. . . .	9,700
Dyes, colours and paints.. . . .	565,000
Electrical machinery.. . . .	268,200
Enamelled ware.. . . .	86,500
Engine and boiler fittings.. . . .	64,000

IMPORTS.—*Continued.*

Net Foreign Imports— <i>Con.</i>	Haikwan Taels.
Glass, window.. . . . .	132,000
Hardware.. . . . .	21,400
Hats, felt and straw.. . . . .	35,000
Machinery, all kinds.. . . . .	460,000
Kerosene oil.. . . . .	1,470,000
Paper and straw board.. . . . .	500,000
Pulpwood.. . . . .	18,000
Shooks for barrels and casks.. . . . .	411,000
Sugar.. . . . .	6,370,000
Timber, soft wood.. . . . .	430,000
Motor cars.. . . . .	40,000
Railway cars, and parts of.. . . . .	500,000
Unenumerated sundries.. . . . .	12,347,500
Total.. . . . .	47,300,000

## EXPORTS.

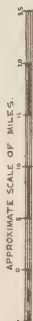
The returns for exports in purely native Chinese products from the port of Hankow is worthy of careful study. Tea, of course, heads the list and is far in excess of any other commodity, but the extent of the foreign business which is done in the various kinds of seeds and vegetable oils and fats is of much interest when it is remembered that this large trade has developed within comparatively recent years. To the Germans must be given the credit for the development of this export business. German merchants were the first to see the possibilities of this trade, and while British dealers were content to confine their attention almost exclusively to the export of tea the Germans were gradually building up a large and profitable export business in many other lines of native products, so that upon the outbreak of the great war they practically controlled the trade in all such commodities from the port of Hankow. The variety and extent of the numerous classes of exports with their values may be observed from the following table:—

*Exports of Local Origin, 1917.*

Exports of Local Origin, 1917—	Haikwan Taels.
Antimony, crude.. . . . .	1,984,000
“ regulus.. . . . .	2,124,300
“ ore.. . . . .	1,300
Metals and other minerals.. . . . .	4,500,000
Pig-iron.. . . . .	3,000,000
Bean cake.. . . . .	2,000,000
Beans.. . . . .	3,170,000
Bristles.. . . . .	1,541,900
Candles.. . . . .	160,000
Wheat.. . . . .	4,281,000
Cotton, raw.. . . . .	19,640,000
Egg products, albumen and yolk, dried.. . . . .	5,000,000
Eggs, fresh.. . . . .	153,000
Ramie fibre.. . . . .	2,495,700
Other fibres.. . . . .	230,000
Wheat flour.. . . . .	975,000
Peanut kernels.. . . . .	492,100
Human hair.. . . . .	59,000
Hides—	
Cow.. . . . .	8,738,500
Buffalo.. . . . .	644,600
Horse and mule.. . . . .	50,000
Sausage casings.. . . . .	48,600
Lard.. . . . .	281,000
Medicines.. . . . .	1,800,000
Nutgalls.. . . . .	893,000
Vegetable oils—	
Bean oil.. . . . .	212,760
Castor oil.. . . . .	1,270
Cotton seed oil.. . . . .	117,000
Ground nut oil.. . . . .	2,150
Rape seed oil.. . . . .	4,160
Sesamum seed oil.. . . . .	125,280
Tea oil.. . . . .	43,370



APPROXIMATE SCALE OF MILES.



GULF  
OF  
CHIHLI

DRAWN BY FAR EASTERN GEOGRAPHICAL ESTABLISHMENT SHANGHAI.

*Exports of Local Origin, 1917.—Continued.*

Exports of Local Origin, 1917—	Haikwan Taels.
Seeds—	
Sesamum seed.. . . . .	1,600,000
Other seeds.. . . . .	290,000
Seed cake.. . . . .	210,000
Silk—raw silk, cocoons and waste.. . . . .	2,583,700
Pongee silk piece-goods.. . . . .	600,000
Goat skins.. . . . .	2,478,000
Skins, furs.. . . . .	591,000
Tallow, animal.. . . . .	725,000
vegetable.. . . . .	2,850,000
Tea, black and green.. . . . .	14,288,000
Tobacco, leaf.. . . . .	970,000
prepared.. . . . .	1,800,000
Miscellaneous sundries—the balance.. . . . .	6,245,310
Total.. . . . .	100,000,000

## INDUSTRIAL DEVELOPMENT.

The industrial development of the Wu Han towns has for several years attracted much attention, and the promises for the future in this direction are of a most encouraging nature. Situated as they are in close proximity to the extensive mineral and coal deposits of Hupeh and Hunan provinces, and at the head of water navigation, the iron and steel industry has already reached large proportions. The extensive plant of the Han Yeh Ping Iron and Coal Company is situated at Han Yang. It has been stated that this company can produce pig-iron at a lower cost than any other iron manufacturing plant in existence. A few years ago a considerable quantity of their output, both of pig-iron and ore, was shipped to the United States, but for the past two years this trade has ceased. Japan is now the only foreign country which imports any considerable amount of the Han Yeh Ping Company's products. The company employs forty foreign and native engineers, and the working staff consists of over 8,000 labourers. The plant can produce 15,000 tons of pig-iron per month, steel rails to the amount of 7,000 tons, and large quantities of steel plates and nails. The ground occupied by the works extends to upwards of 100,000 square feet, and its invested capital is \$20,000,000 Mexican.

## TIENTSIN.

Tientsin is the commercial centre of the north country and Mongolia. While Shanghai may be regarded as the main gateway leading into this country, and Hankow as the great central port for Mid-China, Tientsin in turn serves the same functions for all the north country, and for that territory plays much the same part in North China that Hong Kong does in the south. Tientsin is probably not as fortunately placed as its two former rivals, nor is the district which it serves as productive. It does not turn out the same variety of products as those which go to make up the export trade of Shanghai or Hankow. But nevertheless Tientsin is still a very important commercial centre, and yearly absorbs a large quantity of foreign imported goods. Its close proximity to Peking, the capital, of which it is the seaport—also gives it an importance. The district served comprises the northern portions of several provinces, the province of Chili, the northwestern province of Kansu and Mongolia and part of Manchuria—a sufficiently large territory. The imports handled comprise practically the same lines as elsewhere in China; in fact as regards foreign goods it makes little difference whether they are intended for distribution, north or south—they are all the same; the largest item is always cotton cloth, then comes kerosene oil, cigarettes, matches, timber, iron and steel, machinery, hardware, tinned milk, wines and spirits, beer, medicines, flour, paper and many other articles.

Tientsin is the receiving and shipping port for an extensive list of native products coming from Mongolia and Northwestern Kansu and Shansi, from the Tibetan border

and Chinese Turkestan and beyond the Great Wall; coming by camel caravan and reaching the railway at Kalgan in the Nankon pass, this cargo now reaches Tientsin direct from the latter point. It is only within the last four or five years that this line of railway from Peking to Kalgan through the famous pass has been in operation; formerly caravans started out from Feng Tai on the railway midway between Tientsin and Peking, but since the opening of the Peking-Kalgan Railway, Kalgan, 150 miles direct north, is the starting and receiving point. Kalgan is a most interesting place and bids fair to become an important commercial centre. It is situated at the outer barrier of the Great Wall near the southern border of the Gobi Desert, across which camel caravans come and go. One sees here bales of cotton cloth from Shanghai or Japan, tea from China proper, Chinese wine and medicines, Japanese fancy goods and sundries, all awaiting transshipment by the picturesque Mongolian camel—some of the goods being probably destined to find a market in the bazaars at Lhasa and other distant cities. No less interesting are the multitude of native products which come in the same manner from these far-away places, the principal being skins and furs of many kinds, and sheep's wool. Kalgan is the chief wool-receiving point in China, and some of the shipping firms of Tientsin keep their native buyers here all the time. Although open to foreign trade some time ago, a customs house has not yet been established at Kalgan, but it is reported that there is soon one to be opened under the administration of the foreign service of the Chinese customs.

#### TRADE OF TIENTSIN.

The total trade of Tientsin in 1917 reached the record high mark in value of Haikwan taels 142,360,361, of which imports, native and foreign, amounted to Hk. taels 100,241,837 and exports Hk. taels 42,118,824. Of the total imports Hk. taels 67,198,341 represented those of foreign origin. It is not necessary to again enumerate the classes of imports which are annually received at the port, for they are practically the same articles which find a market in all the ports of China, of which cotton cloth, kerosene oil, flour, timber, iron and steel, hardware, timber and sugar, head the list.

#### EXPORTS.

In diversity of exports of purely native products Tientsin is fully equal to Hankow, but differing in some respects. Hankow is the greatest market in export metals in China, while Tientsin is the chief wool and fur market. The following list of principal exports is instructive:—

#### *Exports of Local Origin.*

	Haikwan Taels.
Bristles. . . . .	2,132,000
Candles. . . . .	10,700
Carpets and rugs. . . . .	770,000
Cotton, raw. . . . .	4,410,000
Egg products, albumen and yolk. . . . .	1,570,000
Eggs, fresh. . . . .	336,000
Feathers. . . . .	30,000
Fibres, hemp and jute. . . . .	900,000
Ground nuts (peanuts). . . . .	450,000
Hair, cow and goat. . . . .	33,000
other kinds. . . . .	42,000
horse manes and tails. . . . .	223,000
human. . . . .	44,000
Hides, horse and donkey. . . . .	420,000
cow and buffalo. . . . .	718,000
Intestines for sausage casings. . . . .	150,000
Lard. . . . .	32,000
Liquorice. . . . .	560,000
Medicines. . . . .	576,000
Mushrooms. . . . .	188,000



*Exports of Local Origin.—Continued.*

	Haikwan Taels.
Musk.....	43,800
Vegetable oils.....	292,000
Samshu (Chinese wine).....	423,000
Seeds, bitter almonds.....	129,000
sweet almonds.....	229,000
other kinds.....	1,057,000
Skins of various kinds—	
Cat, dog, rabbit, sheep, squirrel, antelope, badger, bear,	
deer, fox, hare, leopard, kid, lynx, marmot, marten, raccoon,	
sable and ermine, tiger, weasel and wolf, also tails of deer,	
fox, squirrel, weasel and yak.....	2,461,000
Also goat skins, untanned.....	2,247,000
Wool or hair, camels.....	1,292,000
goats.....	465,000
sheep.....	8,314,000
Miscellaneous sundries—the balance.....	11,571,324
Total.....	42,118,824

Tientsin is unfortunately very badly placed, for it is not in reality a seaport, but is situated on a small river, the Pei Ho, forty miles from Taku Bar. Like most of the foreign settlements in China, the town has grown up around the consulates and customs house, which were placed in close proximity to the native city of Tientsin with which they are associated, without much regard to the proper location of an ultimate great trading centre or of shipping or other facilities; consequently when the river is frozen over, as it is in the winter of every year, the town is shut off completely from direct water communication with Shanghai or elsewhere. A winter port has been provided, however, at Ching-wan-tao, where cargo is transhipped to and from Tientsin by rail during the winter months. The town has grown rapidly within recent years and contains many substantial and handsome foreign buildings, banks, business blocks and houses, churches, warehouses, hotels, etc. Many foreign nationalities have their own concessions in the settlement, which they administer and police. The British, French, Russian, Italian, Japanese, German and Austrian Governments have each its own settlement or allotted concession, some of which, only dating from the Boxer affair of 1900, are still undeveloped. Tientsin is in direct railway communication with Europe by way of Mukden and Harbin and the Siberian railway; it is a clean and well administered town and enjoys an excellent climate, and having no commercial rival in its vicinity, its future importance as a trading centre is full of promise. The native city of Tientsin, adjoining the foreign settlement or town, is the seat of the viceroy of Chili province, and contains a population of about 800,000 people.

## TSINGTAU.

In discussing the ports of North and Central China which are concerned in a direct overseas trade, the port of Tsingtau must not be overlooked. Tsingtau, which was opened and developed by the Germans, had under their administration, within a period of less than fifteen years, attained to the sixth place in China's foreign trade. Had the war in Europe not broken out, and had the Germans been left in peaceful possession of Tsingtau for another ten years, one can have no doubt as to what would have been the result. Their organization was so complete that the whole of Shantung province would eventually have come under their influence. While waiting upon the decision of the war and the peace settlement to determine its ultimate disposal, Japan has been proceeding with development work, and considerable industrial activity has been shown. Its future as a port of considerable commercial and industrial importance is reasonably certain, for it already possesses all the requisites for the development of a great seaport and trading centre.

As showing the remarkable elasticity of Chinese commerce, and the manner in which the loss of the trade of a port may be recovered and again developed under

exceptional conditions, the following table may be of interest to the reader, which gives the total trade of Tsingtau for 1913, the full year preceding the war; 1914, the year in which the territory was lost to Germany; 1915, the year of military occupation; and 1916 and 1917, the years of recovery:—

*Total Trade of Tsingtau, 1913 to 1917, Foreign and Native.*

	Foreign Imports. Hk. Taels.	Native Imports. Hk. Taels.	Exports. Hk. Taels.	Total. Hk. Taels.
1913. . . . .	26,207,915	7,268,592	25,692,373	59,168,880
1914. . . . .	18,204,018	3,005,740	16,597,990	37,807,748
1915. . . . .	6,022,671	874,934	6,318,642	13,196,247
1916. . . . .	18,896,318	5,032,322	22,934,187	46,862,827
1917. . . . .	22,538,383	9,532,838	25,711,770	57,782,991

It will here be seen that the value of the total trade of the port last year very nearly approached the highest figures that were ever reached at any time during the German occupation; and that the export totals, on which the Germans prided themselves much, were also up to the highest figures ever before attained; and also that foreign imports were only 3,500,000 taels below the previous high-water mark. It should be pointed out in relation to the above figures that Japan has occupied an exceptional position at Tsingtau during the past four years, and that over 80 per cent of the total foreign trade of the port in 1917 must be credited to that country.

#### INDUSTRIAL DEVELOPMENT.

Under German administration no great industrial development had taken place at Tsingtau, apart from those directly concerned with the demands of the port itself and the municipality, such as railways and docks, electric light installation, water-works, ice plant and cold storage, laundry, etc. With the exception of a large brewery and a number of egg-drying factories little else of an industrial nature had come into existence during the German occupation up to the time they were forced to abandon the territory. The transfer of the port to the Japanese has, it would appear, effected a considerable change in this direction; the policy of the latter has been to encourage industrial activity as far as possible by leasing land to factory owners at a low rental for long periods, and with other privileges in the way of cheap electric power and special low rates in taxes. Under this wise administration several new industries of quite large capitalization have been established in Tsingtau within the past three years. The old Tsingtau brewery is again in operation, and is turning out about 8,000 cases of beer per month, and the Tsingtau Flour Mill Company produces 2,250 sacks of flour per day. Other industries are the Suzuki Silk Filature (capital yen 600,000), the Okura Egg Factory (yen 100,000), the Naigai Cotton Mill (yen 500,000), Tsingtau Salt Refinery (yen 500,000), the Tsingtau Match Factory (yen 300,000), the Shantung Match Factory (yen 50,000), the Tai Sei Egg Factory (yen 90,000), the Mitsui Oil Refinery (yen 500,000), also a soap factory, a bone powder mill, and a meat refrigeratory—the latter for supplying the American troops in the Philippines with frozen beef. Of government enterprises, the Tsingtau Electric Light and Power Station can furnish 1400 kilowatts per day, the Tsingtau Water Works 4,000 tons per day, and the Government slaughter house has accommodation for 250 animals per day.

According to the latest statistics available, the Japanese population of Tsingtau is 18,560, and other nationalities (Europeans and Americans) 146.

Imports into Tsingtau mainly consist of cotton cloth and cotton yarn, timber, flour, hardware, iron and steel, railway material, kerosene oil, cigarettes, paper, sugar, tinned milk, milk machinery, Japanese fancy goods and sundries; and exports are chiefly made up of coal, raw cotton, dressed beef, cattle, hides, ground nuts, egg yolk and albumen, straw braid, pongee silk, beer and bean oil.



## CHEFOO.

Chefoo is another North China port of some importance, also situated in Shantung Province, but on the Gulf of Pechili on the other side of the peninsula from Tsingtau. Previous to the opening of Tsingtau, Chefoo enjoyed a considerable amount of direct foreign trade, and was at that time the chief centre of the straw braid business. This trade was finally almost entirely transferred to the German port, and about the only export of any importance left to Chefoo was its pongee silk and lace trade. Since the war Chefoo has been able to regain a portion of its former importance, and the pongee silk and lace industry having been fairly active, a new lease of life appears to have been given to this port; the permanence of this improved condition must, however, depend greatly upon what will take place at Tsingtau now that the war is over. Chefoo has for a number of years been the chief centre of the Chinese wild silk industry, and the fabrics known as Shantung silk, pongee or Chefoo silk, are mostly produced in Chefoo, or assembled there by foreign and Chinese dealers for shipment to foreign countries. The production of Tussock or wild silk is largely a village industry. The cocoons are reared chiefly in portions of South Manchuria. The silk is reeled from the cocoons, spun and woven by hand on native looms by the peasantry. Silk filatures or factories for reeling the silk by machinery have been established at Chefoo, but the great bulk of the product is still produced by hand. The country people and villagers rear the cocoons and weave the cloth, each bringing in their small lot of woven silk which they sell to the dealers for shipment abroad. The manufacture of straw braid is another large and important Shantung industry; this is also a purely village product, the braid which enters into the manufacture of straw hats being woven into many patterns by the native peasantry in their homes and villages.

Foreign goods entered for consumption at the port of Chefoo are much the same as for all the other ports of China, and exports consist of the same articles as are sent from Tsingtau.

## CHAPTER IV.

## Manchuria.

## DAIREN AND SOUTH MANCHURIA.

To adequately set forth the future possibilities for the development of economic and commercial opportunities in the vast country of Manchuria, would of itself require much space in a trade report; it is only possible at this time to point out what has been done within the past ten years, chiefly by the South Manchurian Railway, and what is now going on, and the future outlook for the territory. After the Russo-Japanese war in 1905, Japan acquired under the treaty of Portsmouth all the rights previously held by Russia in South Manchuria, including Port Arthur, the port and town of Dairen which under Russian administration was called "Dalney," the South Manchurian Railway, and the leased territory composing the railway zone. The progress which has taken place within this extensive area since the beginning of Japanese occupation, and in the development of agriculture, industry and trade in the interior and at the port of Dairen, is truly remarkable, and is a demonstration of what might be accomplished in any part of China under proper administration and encouragement. It is of course to be understood that the advancement so plainly to be seen has been brought about entirely through and by the activities of the Japanese, and is no doubt largely in the interests of Japan, and Japanese shipping and trade; nevertheless the fact remains that the whole of South Manchuria has greatly advanced both in an agricultural and industrial sense within the past ten years; and if Japanese trade has benefited as it surely has, so have also the Chinese farmers and traders within the

territory prospered as never before in their history. The Japanese have done for South Manchuria much more than the Russians had done in the same length of time, and what China by itself never would have done, at least within the life of the present generation.

Manchuria is a vast tract of land comprising the three Chinese provinces of Mukden, Kirin and Amur, and extends between latitude  $38^{\circ} 43''$  and  $53^{\circ} 30''$  N. It is bounded on the north by Siberia, east by Siberia and Korea, south by Korea and west by Mongolia. The area of Manchuria is estimated to be about 363,000 square miles, and its population 19,000,000. The country is very sparsely populated, particularly the northern provinces, while in the south the population is more dense and is said to be increasing due to immigration from the older provinces of China. For purposes of trade, Manchuria can be said to be divided into two areas: South Manchuria, which is contiguous to Japan and China, and to the seaports of those countries and the South Manchurian Railway; and North Manchuria, which comes more directly under the influence of Vladivostok and the Chinese Eastern Railway and the Amur river. For the above reasons this port will be more directly concerned with the trade of South Manchuria and the opportunities which are presented within this extensive territory; for North Manchuria is in more direct relation with Siberian trade, and its requirements will more probably be met through the port of Vladivostok than by way of Shanghai and Dairen.

#### THE PORT OF DAIREN.

The leased territory of Kuantung, wherein Port Arthur and Dairen are situated, fell to Japan at the close of that country's war with Russia in 1905. Previous to that event the Russians, observing the unsuitability of Port Arthur as an ice-free commercial port, had already opened the port under the name of "Dalney," meaning in the Russian language "Far away"—presumably far from the capital of Russia, the then St. Petersburg.

To the Russians therefore belong the credit for the inception and early development of this rather remarkable commercial port, which within the memory of the present generation and in the space of a few years took rank as one of the chief shipping ports of Eastern Asia. Although Russia had only acquired the territory in 1898, the plans for the new city on the shores of Talien bay had been drawn up and considerable progress had been made in laying out streets and other developmental measures by the year 1900. As early as this date waterworks and electric light installation had made considerable progress, residences were constructed for the engineers, and a large hotel was in course of erection. The city was planned by the Russians on most modern lines, the main outline being that the streets should all radiate from a central square in every direction, and encircling the square would be erected the various public and municipal buildings pertaining to the port. This plan was ultimately carried out; and since the occupation of the city by the Japanese the main outlines have been further developed, and several handsome buildings have already been erected, including what is probably the finest and best hotel in all the East. Other public buildings are at present under way, all facing the central square.

It was, however, the development of the harbour and docks and other shipping facilities with which the Russian Government was chiefly concerned.

The city not being fortified, early fell to the Japanese in the war of 1904-05, and upon the final occupation of the whole of the leased territory, both Port Arthur and Dalney passed to the latter nation. The name of Dalney was then changed to Dairen, meaning in the Japanese language, "Great connections." The selection was happily made, for, as will be seen later, Dairen is destined to be a port of great connections between a large portion of the Far East and the European Continent.

## SOUTH MANCHURIAN RAILWAY.

One of the most valuable assets acquired by the Japanese within the leased territory, and the greatest factor in the development and prosperity, and indeed the life of the Port of Dairen, has been and is the South Manchurian Railway. This railway was originally built by the Chinese Eastern Railway Company (Russian and Chinese) during 1900 and 1901, to form an arm of the great Trans-Siberian route from Europe to the Far East. It was then constructed on the Russian gauge of 5 feet, which was converted during the progress of the Russo-Japanese war to the Japanese gauge of 3 feet 6 inches in order to be adapted to the rolling stock sent over from Japan. By the treaty at the close of the war the Japanese Government acquired from Russia the main line from Changchun to Port Arthur, together with its branch lines, and all the rights, privileges and properties attaching thereto, including the coal mines. As a result, the South Manchurian Railway Company was organized in 1906, under the auspices of the Imperial Japanese Government, with an authorized capital of yen 200,000,000 (£20,000,000), divided into one million shares of yen 200 each, half of which is owned by the Japanese Government.

## LENGTH OF SOUTH MANCHURIAN RAILWAY.

Measured by Canadian standards, the South Manchurian Railway is not of great mileage, the length of the various portions being:—

	Miles.
Dairen to Changchun—main line. . . . .	437·5
Branch to Port Arthur. . . . .	31·6
“ Newchwang. . . . .	13·6
“ Fushun coal mines. . . . .	30·8
Mukden to Antung. . . . .	170·7
	<hr/> 684·2

Under Russian administration Port Arthur was the Southern terminus, and the main line proceeded from that port to Changchun; but under the Japanese the main line now extends from Dairen to Changchun, and the road to Port Arthur is made a branch line. The importance of the South Manchurian Railway is not so much centred in its mileage length as in the part which it is playing in forming one of the links of a great transcontinental railway route, and the opening up to commerce of a port and territory which twenty years ago possessed no foreign trade whatever.

## SOUTH MANCHURIAN RAILWAY INDUSTRIAL LABORATORIES.

Apart from its activity as a great railway and steamship corporation, the South Manchurian Railway Company has vigorously taken up the investigation of the resources and products of the territory within which the line operates. In the furtherance of this scheme industrial laboratories have been established at Dairen, and original research work is being carried on by staffs of experts in each department.

The investigations which are proceeding at the present time are the following, the central laboratory being arranged under eight divisions: (1) General Affairs; (2) Analysis; (3) Applied Chemistry; (4) Tussah Filature (Wild Silk); (5) Dyeing; (6) Porcelain and Ceramics; (7) Distilling; and (8) Electro Chemistry and Hygiene.

## OTHER ENTERPRISES.

*Steamships.*—The South Manchurian railway operates a direct steamship service to Shanghai, twice a week each way, in connection with the passenger service of their railway and the Siberian route to Europe. These steamers are well-appointed, fast and commodious, and if sailing direct, make the passage from Shanghai to Dairen in thirty-six hours. In addition, the company operates a fleet of coal steamers which ply



to all Far Eastern ports in connection with their extensive coal mines at Fushun, as well as a considerable fleet of coasting steamers which are engaged principally in the waters of North China and Korea.

*Hotels.*—By the far-seeing enterprise of the railway company hotels, among the finest in the East, have been established at Dairen, Port Arthur, Mukden and Changchun. Thus in a desolate country where a very few years ago the best a traveller could find in the way of a hotel was a very wretched Chinese inn, there have sprung up hotels at all four places, furnishing accommodation rivalling that to be obtained in any of the older ports of China and Japan.

#### PRODUCTS OF SOUTH MANCHURIA.

Although the climate of South Manchuria is not unlike many portions of Canada, yet notwithstanding this the products of the two countries are not quite the same. This is probably not entirely due to soil and climate, but may be the result of specialization in certain cereals and absence of experimentation with other products. But without doubt there seems to exist some peculiar condition in either the soil or climate or rainfall or acclimatization of South Manchuria which has a beneficial effect on certain crops, notably beans, millet and Kaoliang, not possessed by other countries. The cultivation of soya beans has been attempted in almost every agricultural country, but in none has great success attended the experiment, yet in South Manchuria this crop has flourished for many years.

Leaving the consideration of this product to follow other and less known industries of this territory will first be reviewed. It is well to point out that South Manchuria is entirely an agricultural country. The people have been farmers for many generations, farming their land under the most primitive and laborious conditions. Those old conditions still exist to a very large extent, and considerable time is likely to pass before any great change will take place; but the efforts which the South Manchurian Railway Company are putting forth, and the experimentations which they are engaged in, not only in connection with the industrial laboratories mentioned above, but in their nursery farms, must finally show results. The railway company has established eleven such farms at different points along the line for the experimental growing of grains, vegetables, flowering plants, afforestation, etc. All such enterprises must eventually be of much assistance to the Manchurian farmer, and gradually induce him to adopt other methods than those now in vogue, and must generally tend to improve his condition.

#### SOIL AND CLIMATE.

The soil on the Ashino plain and all along the Sungari basin is of black earth and rich yellow clay, and, although most fertile, is as yet nearly all virgin soil. What has been cultivated produces abundant and magnificent crops, the principal being wheat, barley, oats, beans, peas, sorghum, millet, maize, tobacco, indigo, flax, sesamum, and hemp. Vegetables—comprising potatoes, onions, carrots, turnips, cabbages, cucumbers, melons, tomatoes, and radishes—are extensively cultivated, while beetroot, for making sugar and spirits, is grown in large quantities. Wild flowers grow in profusion, more especially lilies of the valley, violets and tulips. Fruit trees in a wild state, such as pear, apple, and nut trees, grow on the banks of the rivers and lakes, but the most common tree found is the willow. Big trees, such as the poplar, ash, and elm, are mainly to be found round villages.

The climate is severe, but at the same time very healthy and bracing. The position of North Manchuria, with the Pacific ocean on one side and the steppes of Central Asia on the other, accounts in some measure for its climatic changes and frequent winds. The maximum average temperature is 64° Fahrenheit, and the minimum 11°. The summer average is 81°, and this is felt more keenly owing to moisture; but the

really hot weather only lasts some six weeks at most. In winter the thermometer goes down to 35° F. below zero. The rainfall average of the year (seven months) is 485 millimetres, and during the rainy season in July and August the monthly average fall is 180 millimetres. Spring, which begins in April, is short; summer may be said to last until the middle of August; and winter begins in the early part of November. The snow which falls during the cold weather does not remain long on the ground and is quickly dispersed by the winds. The river Sungari opens to navigation at about the end of April, and ice forms on it at the beginning of November.

## MANCHURIAN TRADE.

The growth of Manchurian trade is shown in the following table for the five years 1912-16:—

Year.	Import. Tails.	Export. Tails.	Total. Tails.
1912. . . . .	94,640,621	89,309,545	183,950,166
1913. . . . .	99,149,138	99,765,241	198,914,379
1914. . . . .	97,824,808	93,242,581	191,067,389
1915. . . . .	90,359,860	109,606,999	199,966,859
1916. . . . .	105,379,367	112,203,901	217,583,268

The foreign trade of Manchuria is carried on through the following eleven places: Aigun, Sansing, Manchouli, Harbin, Suifenho, Lungchingsun, Hunchun, Antung, Tatungkow, Dairen and Newchwang.

The most important of these places is Dairen, through which 50 per cent of the whole trade of the country passed in 1917. In direct foreign trade Dairen ranks next to Shanghai of all the ports of China, exceeding both Tientsin and Hankow. Next in importance come Antung, Newchwang and Harbin, the last being the great Russian city in North Manchuria.

## TRADE OF DAIREN IN 1917.

The direct foreign trade of Dairen, the principal port of Manchuria, in 1917 amounted to Haikwan taels 110,204,371, as follows:—

	Haikwan Taels.
Net foreign imports. . . . .	63,181,630
Exports to foreign countries and Hong Kong. . . . .	47,023,741
	<hr/> 110,204,371 <hr/>

Imports consists chiefly of cotton cloth, sheetings, shirtings, drills, etc., cotton yarn, metals, sugar, kerosene, cigarettes, matches, wheat flour, and many other commodities.

*Principal Imports (1917).*

	Haikwan Taels.
Cotton cloth, sheetings, shirtings, drills, etc. . . . .	1,944,000
Cotton prints. . . . .	260,000
Other cotton goods. . . . .	3,748,000
Cotton yarn and thread. . . . .	1,000,000
Wool and cotton union cloth. . . . .	750,000
Woollen cloth. . . . .	850,000
Iron and steel and metals. . . . .	6,788,000
Gunny bags. . . . .	3,200,000
Rice. . . . .	1,223,000
Cigarettes. . . . .	3,900,000
Coffee (raw). . . . .	2,800,000
Electrical material. . . . .	1,267,000
Flour. . . . .	750,000
Leather. . . . .	2,500,000
Kerosene oil. . . . .	3,000,000
Shoes and boots. . . . .	1,474,000
Shooks for barrels. . . . .	437,000
Underclothing. . . . .	270,000
Socks, cotton. . . . .	225,000
Soap. . . . .	260,000
Sugar, brown and white. . . . .	3,000,000

*Principal Exports (1917).*

	Haikwan Taels.
Bean cake.. . . .	19,866,000
Beans.. . . .	7,535,000
Bean oil.. . . .	16,575,000
Kaoliang.. . . .	2,000,000
Maize.. . . .	700,000
Wheat.. . . .	422,000
Coal.. . . .	2,700,000
Flour.. . . .	532,000
Grass cloth.. . . .	1,245,000
Oil, ground nut.. . . .	340,000
“ wood.. . . .	550,000
Seeds, hemp, linseed, sesamum, etc.. . . .	1,355,000
Silk, raw, wild.. . . .	1,700,000
“ “ filature.. . . .	1,148,000
“ “ cocoons.. . . .	1,047,000
Tallow, vegetable.. . . .	268,000
Wool, sheep's.. . . .	554,000

## JAPAN'S FAVOURABLE POSITION IN MANCHURIA.

That Japan enjoys certain special privileges in the markets of Manchuria is well known, and probably 80 per cent of the total trade of the territory passes through Japanese hands. Japanese shippers obtain reduced rates on railway and steamship lines, which, while applying to all shippers alike, can only be taken advantage of by the Japanese; and also, controlling as they do the railway, postal, telegraphic and banking facilities of the country they are thus placed in a much more advantageous position than the merchants of other nationalities. Under certain treaty agreements with China all goods entering Manchuria by way of Antung, the border town between the latter and the Japanese possession of Korea, are favoured by a reduction of one-third in the regular customs duty.

This reduction applies to the goods of all countries, but Japan is the only one that is in a position to take advantage of the privilege. British and American goods for consumption in China are received almost entirely at Shanghai and Tientsin, from which ports they enter Manchuria either by way of Dairen, Newchwang or Mukden; to send the goods by way of Japan and Korea in order that they might pass through the port of Antung, entails more time and expense than would be saved through the reduction of customs duties, so this route is very seldom chosen. In addition to the above, Japan enjoys many natural advantages which other nationalities cannot hope to obtain—such as familiarity with all the markets, and a system of barter in Japanese commodities in exchange for Manchurian produce; extended credits through the assistance of Japanese banks, and a general aggressive policy in pushing Japanese goods wherever possible. This policy not only prevails throughout the whole of Manchuria, but extends into inner or eastern Mongolia; and the further extension of branch lines of the South Manchurian railway into the latter territory, must go far to increase Japanese trade influence throughout all this great country.

## CHAPTER V.

**Transportation in China.**

One of the greatest, if not the greatest, needs of China is adequate transportation. For some reasons which practical men cannot explain, China had not—even up to the present day—ever provided her people with roads. The ancient Romans constructed roads in every country they occupied, but the Chinese never have. It is only another illustration of the absence of all altruistic spirit among the Chinese people—an indifference to the needs and advantages of the common people, and lack of enterprise and public spirit. The ancient Chinese possessed a remarkable faculty



for building walls and getting behind them, but had no desire to open up their country by improved methods of communication. Hence it is that vehicular traffic in China is almost non-existent, and confined entirely to the northern and western districts.

The so-called post and courier routes which are kept more or less under Government inspection and protection, and extend for long distances beginning at the capital, Peking, and traversing the vast country in different directions in order to pass through other important cities, are mostly merely footpaths, and nothing on wheels could pass over them, but instead a continuous stream of pack animals, ponies, mules, donkeys and oxen, chair-bearers, wheelbarrows and men on foot, but more numerous than all the patient Chinese coolie. The burdens which these latter carry for long distances are appalling. These so-called roads are supposed to be kept in repair by the local officials of the districts through which they pass, but as there is no inspection and never sufficient money spent upon them, most of the roads are in a wretched condition and almost impassable in the bad seasons of the year.

#### CHINESE RIVERS AND WATERWAYS.

Fortunately for China this country possesses a large number of navigable rivers, great and small, and a wonderful system of canals, creeks and streams, on all of which the commerce of the country finds its way to the markets. This is particularly the case in the central and southern parts of the country, in the great basin of the Yangtze and other rivers. There is also the Grand Canal which traverses the country north and south, from Hangchow in Chekiang province to Tientsin, a distance of 900 miles. Taking all together, there is no other country so well provided with waterways as China, which in the absence of railways and other roads is a fortunate thing for the country. The value of the traffic carried on these streams, canals and small rivers is enormous. The towns are all built upon canals as they would be on roads in other countries, and the life on the waterways is always busy and full of interest.

#### THE YANGTZE RIVER.

The principal river of China, the Yangtze, is one of the three greatest rivers of the world. This river takes its rise in the mountains of Tibet, and flowing in an easterly direction enters the sea by a wide mouth and delta at Shanghai. It is navigable from Shanghai by well-appointed river steamers and ocean craft of fairly deep draught to Hankow, a distance of 600 miles. In this portion it passes through three of the richest provinces of China, and the important cities and treaty ports of Chinkiang, Nanking, Wuhu and Kiukiang. For eight months of the year—that is from April to December—ocean-going ships of deep draught can safely proceed up and down stream and dock at Hankow. The other four months—December to March—is the season of low water, and ships of over 9 feet draught cannot safely navigate the river. The distance from Shanghai to Hankow by water routes is roughly 600 miles. The up-river passage takes from 72 to 84 hours and the downward trip about 60 hours.

*The Upper Yangtze.*—Beyond Hankow the river still proceeds, but becomes of less depth and more difficult to navigate the further one ascends. Steamers of shallow draught regularly sail from Hankow to Ichang, 400 miles up the river, passing some important towns on the way. Thus the Yangtze river is navigable by excellent steamers for over 1,000 miles from Shanghai into the heart of China. Above Ichang the famous gorges of the Yangtze are met, the dangers in negotiating which are not surpassed on any other river in the world, and yet notwithstanding these dangers, all the commerce of the vast province of Szechuen, with its population of 60,000,000 people, must pass in and out through the gorges and rapids of the Upper Yangtze, beyond Ichang to Chungking.

#### THE WEST RIVER.

The West river is the great river of South China. It rises in the province of Yunnan and enters the sea by several mouths, forming the Canton Delta. It is navig-



Cargo Junks being hauled through the rapids.



A cargo junk descending the rapids through the gorges of the Upper Yangtze; the only highway to Szechuen Province and its 60,000,000 people.



able by steamers of deep draught for 300 miles, and for several hundred miles by junks and native boats. The West river serves for the transportation of the vast trade of Southern China with Canton and Hong Kong, in the same manner as the Yangtze does for Shanghai and Mid-China.

#### THE YELLOW RIVER.

Unfortunately the northern portion of China is not so well provided with water transportation as the southern and central districts. The largest river in the north is the Hwang-Ho or Yellow river. This river is commonly known as China's sorrow, for almost annually it overflows its banks, and floods and disaster are the result. It has changed its course several times within the ages, finding a different outlet to the sea each time. It is 2,700 miles in length, but is only navigable in parts and at certain seasons of the year. The Wei-Ho, a tributary of the Yellow river, flowing from the south, is of some importance; this river is navigable for small boats for a distance of 400 miles.

The Pei-Ho connects Tientsin with the sea, which it enters near Taku Bar; this river is navigable for coasting steamers and ships of light tonnage in the summer months, but is frozen over from December to March. Other important rivers in the west and central portions of China are the Han and the Min, both important streams flowing through rich country and used as a means of transportation for vast quantities of native products and the exchange of commodities between the numerous cities and towns along their course.

#### THE GRAND CANAL OF CHINA.

This rather remarkable waterway is fully described in almost every book upon travel in China that has yet appeared. In truth there is little that is remarkable about it, only its great antiquity. It was begun in the 5th century B.C. and probably follows a natural continuation of different small rivers, lakes and streams. It passes through a comparatively level country and crosses in its course several rivers, the Yellow, the Wei, and the Yangtze. At only one point in its course are there any locks, and those not of much height. The total length of the Grand Canal is 900 miles. Its course is almost directly north and south through some of the most fertile provinces of China. The traffic upon the canal is of great volume and value, for it is the direct cross-country highway from South China to the northern provinces and the capital. Since the inauguration of steam power in this country, steam launches are to be found in all these interior waterways; they are fitted up as native passenger boats outside and in, and also act as tow boats, towing other passenger boats or barges behind, house boats of private parties or Chinese officials, their families and servants, and cargo boats. These launch companies are to be found in every town on the canals and rivers. They ply between one large city or market town and another, two or three hundred miles away or less as it may be. It is not an uncomfortable way of travelling, to have one's house-boat attached to one of these tows or trains as they are called, and it is an excellent way for a traveller to see real China. Manchurian rivers are rather unimportant, and so will not be described.

#### CARTS, WHEEL BARROWS, COOLIES.

Notwithstanding this great network of rivers, streams and canals which the Chinese make use of to the fullest extent in transporting goods, and the few railways that have yet been built, there are many portions of the country far removed from water communication, and in which railways have not yet appeared. To transport goods to and from these districts required the employment of other means. The Peking cart is about the only wheeled vehicle drawn by animals that is in use. The Peking cart is much in vogue in northern and western China. It will carry about a ton of grain or hides, and as much wool as can be piled upon it. It is often drawn by a most nondescript team; a pony, a mule, an ox, and a donkey are not infrequently seen harnessed to the same cart.





The Peking Cart.



Wheelbarrows in China.

*Wheel Barrows* are also in general use in many parts of China. The Chinese wheel barrow has a large wheel placed fairly in the centre of the machine, the weight of the load being thus almost wholly upon the vehicle. Great loads are carried for long distances on wheel barrows; if the load is very heavy, another coolie or a small boy or a donkey may help by pulling.

*Transport Coolies.*—Of all the methods of land transportation in China excepting that by railway, probably the volume of goods carried by coolies exceeds that of any other. Chinese coolies are to be met with in every part of the country, and upon all the routes of travel. A line of fifty or a hundred coolies may be seen on any highway, swinging along with a box of tea suspended from each end of a bamboo carried from the shoulder, or it may be boxes of soap, or bags of flour, or even bricks. As he goes along he sings a monotonous chant or utters a number of distinctive grunts, which is repeated in unison by all the party. If the load is heavy two coolies carry it, suspended from a bamboo pole from the shoulder of each. A single coolie will carry 150 pounds in this way all day long, and for a short distance 200 pounds. They travel great distances often over mountainous and rough country, and earn from 15 to 20 cents C.C. per day.

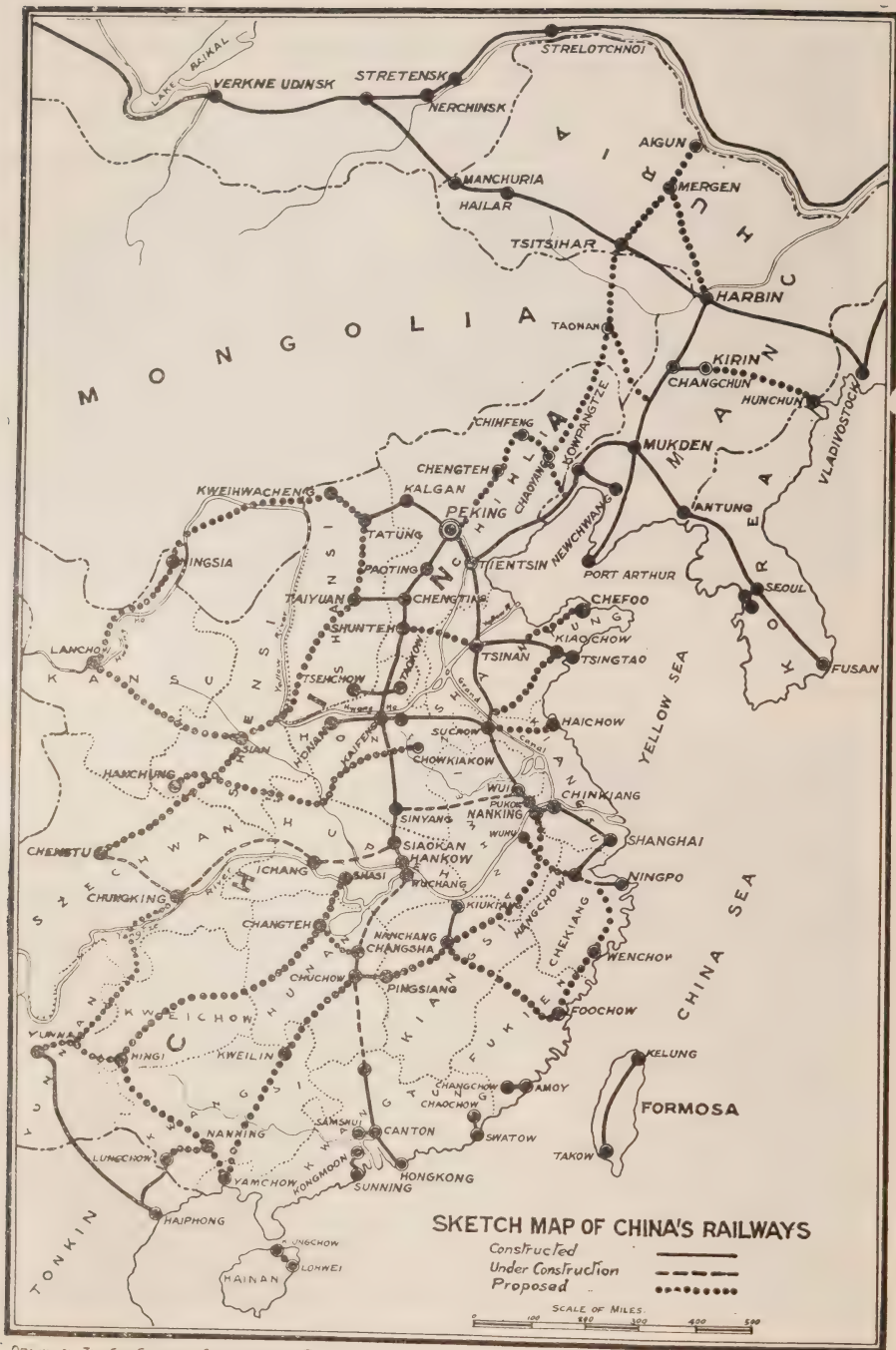
#### PACK ANIMALS.

Ponies, mules and camels are much employed as pack animals, the latter only in the north, northwest, and Mongolia. Ponies and mules carry from 150 to 300 pounds according to the size and condition of the animal and the nature of the roads. Camels in North China can carry 600 or 700 pounds. Native products—wool, furs and skins, musk, gold and silver, medicines and medical roots, and a multitude of other things—are brought into China by camel caravan from Thibet, Northwest Kansu, Chinese Turkestan, and Mongolia; and foreign and Chinese goods are sent to those countries in the same manner. Camel caravans start from Kalgan to cross the Gobi desert to Russian Mongolia and Siberia, taking fifty days to make the journey. Previously they outfitted at Peking or Feng Tai, but since the completion of the Peking-Kalgan Railway, caravans end and start now at Kalgan or beyond, and do not traverse the Nankow Pass as they formerly did.

#### RAILWAYS IN CHINA.

If China is deficient in modern highways, she is no less deficient in railways. In this vast country, as large as the United States and with a population four times as great, there are only about 6,000 miles of railway, or less than one mile to 50,000 persons. Canada has 40,000 miles to serve a population of less than 9,000,000, which means one mile of railway to every 200 persons. These figures are sufficient to show what a great opportunity exists in this country for railway enterprise and development. In the great western province of Szechuen, with a population of 60,000,000, there is as yet not a single mile of railway; and in the vast central plain, which comprises six or seven provinces and supports a population of 130,000,000 people, practically no railways have yet been constructed. Railway development is one of the greatest needs of China, and the Chinese Government is awakening to a knowledge of this fact, and is disposed to encourage the enterprise and to grant concessions to foreign financial groups in many parts of China, wherever such concessions do not conflict with the interests of other concessionaries. In respect to railway enterprise, China possesses a great advantage over the United States and Canada. In our country we were obliged to construct railways in new and undeveloped territory, in order to induce people to come in and occupy the land, while in China the people are already here; all the old prejudices which formerly existed against this new innovation have disappeared, and wherever a railway now goes it is welcomed and liberally patronized. For ages millions of the people have been born and brought up in the remote provinces, towns and villages; without means of transportation they have never been able to





DRAWN BY THE FAR EASTERN GEOGRAPHICAL ESTABLISHMENT, SHANGHAI



travel far from their homes; they lived largely upon what they produced locally, for foreign goods were expensive and difficult to obtain. Thousands of them had never seen a foreign man. The people of those various districts, from want of intercommunication with the outside, have with time acquired a dialect of their own, and can with difficulty be understood by people of other similar districts not very far removed from them. With the construction of railways this condition will gradually disappear. The well-to-do and the merchants will travel further afield, they will visit the larger towns and cities, foreign goods will come in and native products go out without difficulty, and the people will not be satisfied with what they formerly were obliged to put up with, but will demand articles of foreign style and manufacture.

The railways at present in operation consist of the following lines, beginning at Shanghai:—

*Shanghai-Hangchow-Ningpo Railway.*—Shanghai to Hangchow, about 120 miles.

*Shanghai-Nanking Railway.*—Shanghai to Nanking, about 200 miles.

*Tientsin-Pukow Railway.*—This is a continuation of the Shanghai-Nanking line. Passengers from Shanghai to Tientsin cross the Yangtze river at Nanking to Pukow on the north bank, and then proceed direct to Tientsin by the Pukow-Tientsin line. The length of the line from Pukow to Tientsin is 627 miles.

*Peking-Hankow Railway.*—This line extends from Hankow to Peking, and is 755 miles in length. All other railways, with the exception of three or four of short mileage, are operating in North China, the chief of those being:—

*The Imperial Railways of North China.*—Peking to Mukden line. This railway extends from Mukden, the capital city of Manchuria, to Peking, the capital of China. The distance with branches is about 600 miles.

*Peking-Suiyuan Railway.*—Peking to Kalgan, Tatung Fu and Fengchen, the latter outside the Great Wall; length, 250 miles.

Of the total length of Chinese railways about 2,000 miles are in Manchuria. These comprise the Chinese Eastern Railway under Russian control, of a length of nearly 1,100 miles, and the South Manchurian Railways which are owned by the Japanese, with a length of 700 miles. About 150 more miles consisting of three shore lines are in operation in Manchuria, and many other lines are planned, chiefly by Japanese. South of the Yangtze there are also several lines, some completed, others partially constructed, with a portion under operation.

*The Canton-Hankow Railway*, which is under construction from Hankow, south to Canton, and when completed will have a length of 700 miles, is open for traffic from Hankow to Changsha, a distance of 220 miles. Now that the war is over this line will probably be pushed to completion all the way to Canton without delay, and will be a great boon to travellers in Mid-China who wish to visit the south, for it will not then be necessary to come to Shanghai in order to reach South China ports. With the completion of this line, there will also then be direct communication by railway between Hong Kong and Peking, and with Paris if necessary by way of the Siberian Railway. In South China, in the vicinity of Hong Kong and Canton, there are only two important lines. The Canton-Kowloon Railway, 112 miles, connecting Hong Kong with Canton; and the Yunnan Railway, 290 miles, which operates in Yunnan province, is connected with the railways of French Indo-China.

#### PROSPECTIVE RAILWAYS:

Several concessions for other important railways have been granted by the Chinese Government to certain financial groups, all of which are for the present held up for want of funds. The most important is the Szechuen Railway, granted to the "Four Power Group." This is to extend from Hankow to Chungking, and thus link China's

largest and most populous province with Central China and the world's markets. The construction of this line has been the dream of statesmen and financiers for nearly a generation. This great province, the largest in China, has a population of well over 60,000,000, who as yet have no railway communication with the outside world; moreover the province is wonderfully productive and rich in all natural resources. Hides and skins, vegetable tallow, gall nuts, tobacco, wheat and barley, maize, millet, buckwheat, sesamum seed, rice, and fruit of different kinds such as apples, pears, walnuts, quinces and cherries are grown in abundance, and the extremely excellent grazing grounds permit of the breeding of large flocks of sheep and herds of ponies and cattle. Pigs thrive in abundance, the staple meat of the people being in fact pork. There would be offering for export the valuable mineral products, as well as cereals, hemp, horns, hides, etc., while the imports would be raw cotton, piece-goods, kerosene, cigarettes, and the hundred-and-one articles of European manufacture for which the Chinese have a predilection. Up to the present the important and growing trade of the province has been carried on under the utmost difficulties of transportation. Everything that goes in or comes out of that vast territory has either to be hauled through the rapids of the Yangtze gorges as before mentioned, or to be carried overland by men and animals over several ranges of hills and mountains. It is generally understood that the difficulties of constructing a railway in this territory would be considerable, and that the expense would be great. Several routes have been surveyed at different times by foreign and Chinese engineers, and it has recently been stated that a new route has been discovered, further north than any of the others, which is practicable and far less difficult than any previously surveyed. Another group of financial interests, known as the British and Chinese Corporation, have a concession for about 2,000 miles of new railway, part of which is for branches of existing lines. These lines are proposed to be constructed in the district lying between Shanghai and Hankow, south of the Yangtze. The Siems-Carey Combination has also concessions for an extensive mileage of railways in some of the western and southern provinces. The Pauling Syndicate of London hold a concession for 600 miles of line in Kweichow province; and the Japanese have railway concessions in Manchuria and in Shantung province and elsewhere in China. But at the moment practically no construction is going on for want of money.

## CHAPTER VI.

### Agricultural Production in China.

Probably no other country in the world produces such a numerous and diverse list of agricultural products as China. In the northern districts everything that is usually grown in the temperate zone is cultivated, as well as certain other crops peculiar to China only. Each of the following cereals, pulse, grains and roots, flourish in the northern districts of China and Manchuria, and are profitably cultivated over a large area of country. Wheat, barley, buckwheat, maize, kaoliang, millet, beans of many kinds, ground nuts, sugar beets and mangolds; pumpkins and melons grow to large size, and excellent apples, pears and grapes are to be found in the markets; and the rearing of wild silk cocoons is a large and profitable business. Further south in the valley of the Yangtze, the cultivation of tea and silk are ancient industries, cotton is also a most valuable product, wheat is cultivated as far south as the Yangtze, rice and beans being other important crops; this district also produces several kinds of oil-bearing seeds and many varieties of China grass, hemp and other fibres. Farther south rice is the principal crop, tea, silk and fibres being also of much importance. In the more tropical southern country rice is still the principal cereal, and numerous fruits such as oranges, limes, bananas, mangoes, figs, and dates flourish. This portion also produces numerous kinds of reeds, fibres and grasses suitable for furniture, matting, etc. The sugar cane is also cultivated.





Agriculture in China: Ploughing.



It is estimated that 75 per cent of the great population of China derive their livelihood directly or indirectly from the cultivation of the land, and can therefore be classed as agriculturists or farmers. Farming, however, it quite a different matter from what it is in Canada or the United States. In China so many people are obliged to obtain their living off the land, that small holdings are necessary in order that there may be enough land to go round. In this country a five-acre lot would be considered a large holding, so from this small plot of land the most intensive form of farming must be practised, in order that the holder and his family may live. He must endeavour to produce three crops a year; a summer crop of rice, an autumn crop of beans or turnips, and a winter crop of wheat, which ripens in May, and the land made ready again for the rice crop. If his land is too high for rice, the farmer may grow a little cotton or some mulberry trees; with the leaves of the latter the family will feed a few silk worms and cultivate some cocoons. They will also keep a pig and some chickens and ducks, to help out the family expenses. The only draught animal will be a buffalo or a small ox for ploughing, and his farming implements will be most primitive. By every one working every day in the year, the farmer may be able to support his family and keep out of debt. In this manner is farming conducted by millions of people over the greater portion of this country. It will therefore be seen the small chance there is for the sale of agricultural machinery in a country where farming is carried on in the manner described.

#### SOME PECULIAR CHINESE PRODUCTS.

Apart from such staples as tea, silk and cotton, there are a number of agricultural products which are peculiar to China, or have been utilized in China in a different manner than in other countries; and among those products are the numerous oil-producing seeds.

The cultivation of various kinds of seeds for the oil which they contain has been an important and widespread industry in China for a long period of time. The Chinese have never engaged in the dairying industry, and milk, butter and cheese have never entered into their domestic economy as articles of food. On the other hand, they have made a wide use of the oils which are to be obtained from many forms of seeds, and such oils are freely employed by them in the preparation of their food.

The wonderful advances which have been made in organic chemistry within recent years, whereby the utilization of vegetable oils and fats not only in the arts but in the production of articles of food, has opened up a demand in foreign countries for all such products, and therefore the rapid growth of China's export trade in such lines has been somewhat phenomenal.

The oil-bearing products above referred to are numerous and varied, and may be classed as edible and industrial, although many of the varieties which are edible are also extensively employed in the industrial arts; others can only be used for industrial purposes and cannot be utilized as food.

The following list of seeds comprise all those in which an export trade is done with foreign countries. There are several other varieties from which the Chinese extract the oil for their own use, but not in sufficient quantities for export abroad.

*Edible.*—Rape seed and oil, sesamum seed and oil, cotton seed and oil, ground nuts and ground-nut oil, beans, bean cake, bean oil.

*Industrial only.*—Wood oil, vegetable wax, vegetable tallow.

All such products now meet with an increasing demand in the markets of the world. Apart from these purely agricultural and vegetable commodities, a large export trade is also carried on in animal products of different kinds, notably hides and skins, goat and dog skins, sheep's wool, goat and camel's hair, pig's bristles, sausage casings, animal tallow, etc., and a very large business is done in fresh and dried eggs and other egg products.

FARMING IN MANCHURIA.

The portion of China in which farming operations more nearly approach to Canadian methods is in Manchuria, and yet they are still very far behind, and scarcely less primitive than in the other parts of the country. Here, however, the farm holdings are much larger, for the territory is more sparsely populated. More draught animals are employed in farming operations, and it would seem that, if properly introduced, agricultural machinery might be more frequently sold and used. Due to climatic conditions there are not the same opportunities for a diversity of crops as



Harrowing.

Observe the team ; a donkey and small ox.

farther south, and one crop or two at the most are all that can be got off the land in one season. The staple cereals are kaoliang, maize, millet, wheat and beans. In a report upon agriculture in Manchuria, published by the Bank of Chosen, we find the following statistics, the figures being for 1915 and referring to the three Manchurian provinces.

	Cultivated Land. Acres.	Farmers. Families.	People.	Average Area per Family. Acres.
Mukden.. . . . .	6,650,065	1,785,457	11,619,146	2'73
Kirin.. . . . .	9,030,417	689,473	5,053,481	15'10
Amur.. . . . .	6,077,441	297,630	2,094,532	20'42
Total.. . . . .	21,757,923	2,772,560	18,767,159	7'85

In this table it will be observed that the southern province of Mukden contains 60 per cent of the total population of the country, and that the farm holdings for each family are no greater than in the older portions of China; and that Amur province (the northernmost) contains the smallest population, and consequently the farm holdings per family are the greatest. The best farm lands are found in the northern provinces, in the basin of the Sunguri river. It is therefore probable that with greater railway facilities this district may rapidly fill up with people, for emigration is going on in that direction.

## CROP OF 1915.

	Mukden. Bushels.	Kirin. Bushels.	Amur. Bushels.	Total. Bushels.
Beans .. . . .	52,449,952	33,790,347	16,496,886	102,647,185
Kaoliang .. . . .	104,814,288	63,923,820	20,171,005	188,909,113
Millet .. . . .	55,157,164	57,453,128	26,570,938	139,181,230
Maize. . . . .	30,747,263	12,752,423	4,592,102	48,091,788
Wheat .. . . .	4,268,621	10,960,157	15,321,440	30,550,218
Barley .. . . .	1,716,725	3,645,575	5,300,132	10,662,432

## PRODUCTS OF MANCHURIA.

Of the different products of Manchuria, kaoliang is the most important to the people. This plant, which is a species of sorghum, somewhat resembles Western Indian corn. The seeds are sown in the spring and the plant, which produces a large hard stalk, grows to a height of 8 to 10 feet. The seeds, which are small and red when ripe, are developed on the very tip of the plant in the form of a crown or tassel. Kaoliang seed is the staple food of the great mass of the peasantry of the country, as is rice in Southern China. It is also fed to horses, cattle and pigs, and the stalks and leaves are used for firewood. In Manchurian domestic economy kaoliang is without doubt the most valuable of all the products of the country. A very strong and fiery spirit is also distilled from kaoliang seeds. The process of distillation is very simple, and large quantities are produced which are shipped to all parts of China.

## KAOLIANG SUITABLE FOR CANADA.

The great value of this crop to Manchuria brings forth the thought that it might also be of much value as a field crop in certain portions of Western Canada. The climate of South Manchuria, where the plant flourishes and where it has been brought to its highest productive capacity, is not unlike that of Southern Alberta, and it would seem that experiments should be worth while in order to determine the suitability of kaoliang to the Canadian West. The plant ripens in Manchuria about the 1st of October; and travelling through that country in the autumn, one observes great fields of this red plant which extend for miles in every direction.

It is planted in drills in the spring, and its cultivation does not seem to demand any greater attention than is called for in the case of ordinary crops.

## BEANS.

While kaoliang is the field crop of greatest importance and value to the Manchurian farmers—for it is the chief food of the people—it is of far less importance to shippers, foreign merchants and manufacturers and the world at large, than the soya bean of that country. Soya beans are the great speculative product of South Manchuria, as wheat is of the Canadian West. The operations of the Dairen Produce Exchange are concerned with transactions in beans, the same as the Winnipeg Grain Exchange is with wheat. Futures in beans are dealt in in the same manner as wheat or corn in Chicago, with the additional product bean cake as another speculative commodity.

## BEAN OIL.

Leaving the question of the cultivation of beans, which does not call for special notice, the manner of the extraction of the oil from the beans may be considered. For notwithstanding that wonderful properties have been attributed to soya beans, many of which are as yet commercially impracticable, the fact is that the oil is by far the most valuable property—the oil and the resultant bean cake from which the oil has been extracted.



The soya bean is estimated to contain from 9 to 10 per cent of oil, and its extraction has been a leading industry in different parts of China for many years, but within recent times and at the present day the wonderful advances which have been made in organic chemistry, and the increased employment of oils and fats in the world's industrial and domestic economy, have been the cause of vastly increasing the industry and output, and the product, which a few years ago was wholly consumed locally, now meets with a demand in all the markets of Europe and America.

#### OIL MILLS.

The method of extracting the oil from beans is still carried on in many districts by the old primitive mills with which the Chinese have been familiar for many years. In spite of the fact that large, modern steam-mills are in operation at different points, the great bulk of the oil produced in Manchuria is still being expressed from the beans by the old-fashioned mills. A description of the hand process of extraction was given in the *Weekly Bulletin* of July 10, 1916, as follows:—

"The process of extracting the oil from the various seeds is still in many cases carried out in a very primitive manner. In all cases the seeds are first crushed into flakes resembling rolled oats. This is accomplished by heavy, narrow stone rollers working in a concrete bed, the motive power being either an ox or a mule which is blindfolded. The crushed seeds are next taken and placed in bamboo baskets or trays which are set over large kettles of boiling water and steamed. The steaming process lasts only about fifteen minutes. The mass is then moulded into cakes within an iron band much the same as a cheese ring. Three or four of these rings, one above the other, are placed in the press, which is a very clumsy affair. Blocks of wood are then put between the rings and the top of the press, and wedges of hardwood are driven between them; as the pressure forces down the cakes of seeds within the rings other blocks of wood are inserted and then other wedges driven in. Finally the cakes are compressed to a solid mass 24 inches in diameter and 4 inches thick. The oil having all been pressed out and gathered in a vessel beneath the press."

It now only remains to describe the operations of a modern oil mill, equipped with machinery and operated by steam power.

The Nishin Bean Mill at Dairen is one of the latter. This mill crushes 180 tons of beans per day, representing 18 tons of oil and 6,000 pieces of bean cake. A Chinese mill adjoining, crushes 120 tons of beans daily, the output being 12 tons of oil and 4,000 pieces of bean cake. This mill operates thirty-six steam presses, each press holding thirteen rings, one above the other.

#### METHOD OF EXTRACTION.

The operation of a bean mill for extracting oil are extremely simple, and no complicated machinery is required. The beans are taken from the sacks as they come from the farmers. (1) They are first slightly heated; and (2) are then conveyed to steel rollers and pressed into flakes. (3) The flakes are put into a large kettle and covered with marsh grass or hay, and steam is turned on for ten or fifteen minutes. (4) This enables the flakes to be loosely moulded into cakes of the required size and weight. (5) The cakes are then placed in the press, twelve to fifteen in each press, one above the other. The presses are made of steel, and are very strong, particularly the top portion. Steam is turned on in each press from beneath, and pressure is exerted from below upwards. The oil is seen to trickle down the sides of the cakes and falls into a tank below, from which it is conducted by pipes beneath the floor to other storage tanks.

#### TRADE IN BEANS AND BEAN PRODUCTS.

Total arrival of beans at Dairen during August, 1917 . . . . .	36,594 tons.
Total arrival from April 1, 1917, to August 31, 1917 (six months) . . . . .	298,287 "

From customs returns for the Port of Dairen for the year 1916 the total export trade of beans and bean products for that year were as follows:—

	Total Exports. Haikwan Taels.
Beans.. . . . .	7,478,244
Bean cake.. . . . .	25,064,153
Bean oil.. . . . .	8,324,719
	<hr/> 40,867,116 <hr/>

At an average exchange of 75 cents in that year, this represents about \$30,000,000 Canadian currency. Of the total exports of bean oil, with the exception of taels 65,000 in value, which were shipped to other Chinese ports, all was sent to foreign countries, principally the United States.

#### USES OF BEAN OIL.

Bean oil is used for the manufacture of dynamite and high explosives, waterproof cloths, soaps, linoleum, margarine, paint, varnishes, toilet powders, lanterns, salad oils, lubricating oils, lamp oil, preserving sardines, and as a lard substitute. From the beans themselves can be made soups, meat substitutes, chocolate substitutes, coffee substitutes, macaroni preparation, flour, artificial milk, cheese, biscuits, sauce, meal for cattle, oilcake and fertilizers.

#### NEW YORK PRODUCE EXCHANGE REGULATIONS.

The following regulations respecting the quality of soya bean oil have recently been adopted by the New York Produce Exchange for transactions between members:—

##### *Soya Bean Oil.*

Section 6.—Fair average quality, crude, shall be oil obtained from the soya bean by pressure, not extraction, and shall be fair average quality of the season, provided, however, that the free fatty acids shall not exceed 2 per cent (calculated as oleic acid), nor moisture and impurities one-half of 1 per cent.

Section 7.—Prime crude soya bean oil shall be free from water and settlings, and shall refine to a colour not deeper than 35 yellow and 9 red, and with a loss not to exceed 5 per cent with the use of caustic soda. If not prime, the buyer may reject.

Section 8.—Crude soya bean oil, sold "basis 7 per cent refining loss," shall be free from water and settling, and refine to a colour not deeper than 35 yellow and 11 red, and with a loss not to exceed 7 per cent with the use of caustic soda, provided that any oil that refines with a greater loss than 7 per cent shall not be rejected but shall be reduced in price by a corresponding per cent in contract price of the oil.

Section 9.—Extracted soya bean oil shall be sold on sample or guarantee with the designation of the country of origin.

#### OTHER MANCHURIAN PRODUCTS.

*Wheat.*—Wheat is annually being cultivated in greater quantity over a large portion of South Manchuria, and the erection of new mills at different points throughout the territory has been the means of greatly reducing the imports of Shanghai flour, the customs returns for flour for 1916 being less than half of those for the preceding year. Little or no wheat is exported. The chief producing district is along the Sungari valley. Harbin is the leading market for wheat and flour in North Manchuria, and there are in that town and vicinity twenty-two modern flour mills, nearly all under Russian management. The output of these mills is mostly consumed in Eastern Siberia, while the mills at Tiehling go far to supply the needs of South Manchuria.

*Barley and Buckwheat* are cultivated; the former is crushed and the flour made into cakes. Barley is also used in the production of the ferment Chutze employed in the distillation of "Kaoliang" spirit. Buckwheat flour is made into a kind of macaroni.

*Maize or Indian corn* is quite largely cultivated, and within recent years a considerable export trade has developed in this product, principally with the United States. Maize quotations are regularly given on the Dairen Produce Exchange.

*Millet*.—Millet is a large and important crop in Manchuria. This plant develops on a stalk about the height of wheat or oats, but there is no plant in Canada which quite corresponds with it. The seeds are very small like bird seed; it is made into porridge which is largely employed as an article of diet by the peasantry, and requires less cooking than kaoliang. It is doubtful if this plant would be of much value to Canadian farmers.

## CHAPTER VII.

### Business Methods in China.

In seeking for trade with China, it must constantly be borne in mind that it is the Chinese consumer whose tastes must be catered to. The comparatively small foreign population in the country represents a proportionately small demand, which can be easily and quickly supplied, but it is the ever-increasing consumption of foreign goods by the native population which must determine the volume of the export trade with the country.

#### DIRECT IMPORTERS.

The foreign merchants in the large ports are the only direct importers, and practically all exports also pass through the same hands. The Chinese merchant has not yet reached to the importance of a direct buyer or seller himself, and all his dealings with other countries are done through foreign firms or agents. His orders are booked either from samples or catalogues, and for many lines of goods, notably piece-goods, from well-known brands or chops.

#### FOREIGN GOODS IN THE INTERIOR.

Outside of a very few ports, there are no foreigners engaged in the retail trade in China; but wherever one goes in the interior, even in very small villages, he will find foreign goods of some description—cotton cloth, kerosene, cigarettes, sewing cotton, enamelled ware, needles, buttons and other smallwares—and in all the treaty ports native dealers carry quite large stocks of foreign goods, tinned provisions and milk, wines and spirits, etc.

The kerosene companies have their own stations in all the large towns, where a foreign manager usually resides, and from these points the surrounding district is supplied through native agents in the smaller places, the company only having direct dealings with very few parties. The latter in turn are responsible for the smaller dealers, who must purchase their supply from the sub-agents and not from the company direct. By employing this system, the company is spared a multiplicity of accounts which would be found difficult to control.

The cigarette companies conduct their business in the same manner, portioning each province off into districts under the control of a foreign agent, the actual distribution of their goods being in the hands of native sub-agents. These companies are very extensive advertisers, both by posters and handbills, and in distributing free samples of their cheaper brands of cigarettes, and at the New Year they issue large quantities of very attractive Chinese calendars.

Sewing machines are distributed in much the same manner, a certain well-known company having quite an extensive sales organization throughout many of the provinces. Their machines being often sold on the hire-purchase system, a large and increasing business is being developed.



Commercial travellers and representatives of Shanghai firms who make periodic visits to the outports and into the interior are increasing year by year. The agents of foreign drug firms are constantly travelling and visiting interior cities, missions, hospitals, etc. Wine and spirit and provision dealers also have men making periodic trips throughout the country. Agents for patent medicines, hardware specialties, biscuits and other lines, now make regular tours through the interior cities and other treaty ports. Several special representatives for English machinery are constantly travelling in different parts of the country, observing conditions for future trade and taking orders wherever possible. In this way the interior of China is being opened up to foreign trade, and foreign goods of some description are now to be found in all the treaty ports and in many far-away places.

#### LANGUAGE.

A knowledge of the native language, in order to do business successfully in China, while undoubtedly of use, is not absolutely necessary; in fact there are so many local dialects that it is almost impossible for any one to master many of them. The most that one can hope to do is to acquire a partial knowledge of the spoken language in the port wherein he conducts his business. The written characters are quite beyond the efforts of all but the very few.

Many successful merchants have resided in China for years, and have never attempted to acquire a knowledge of the Chinese tongue, and the necessity for it is yearly diminishing. Young Chinese are leaving the schools and colleges yearly, all having a fairly good knowledge of English, and it is never difficult to find assistants and clerks who are able both to speak and write in that language.

#### THE CHINESE COMPRADORE.

This title represents a type of business man who has been much written about in relation to Chinese commercial methods, and even in China the term has rather a wide application. Suffice it to say, in respect to this important official, that no foreign business house can successfully conduct its affairs without the assistance of a compradore.

The compradore is always a man of high business character. He is usually a man of wealth or commands wealth, and quite often is the descendent of a family of former compradores. In the case of a bank he is familiar with Chinese currency and finance. He fully understands the value of provincial and other currency and is an expert in exchange. He knows the standing and resources of all native banks and the quality of native commercial paper. He is in fact the Chinese manager of the bank, and is responsible to it in his transactions with their native customers. He holds the position through his character as a man of high financial standing as well as by heavy guarantees.

In the case of a merchant, the compradore is in a somewhat different position, but here he also stands midway between his hong and their Chinese customers. He must know the standing of native firms in the interior. He must be in a position to know when certain contracts are going. He it is who meets customers from far-away provinces on their periodical visits to the port, to entertain them and to find out their mission. If government business is in prospect, such will require delicate and careful handling, and financial terms may need to be arranged. All such matters come within the province of the capable and resourceful compradore.

Bank and other compradores are not infrequently in retail business on their own account, or are financially interested in other enterprises both in the larger ports or in the outports. They are on the boards of directors of many industrial enterprises, and in the case of small hong, are quite frequently the financial head of the firm, working in connection with the foreign partner in developing trade in foreign goods.

## CHINESE GUILDS.

Reference can only be briefly made to the very large subject of Chinese trade guilds. Those are a very ancient institution in China, and have been formed in connection with almost every trade and industry in the land. There is even a beggars' guild, a barbers' guild and a wheel-barrow guild; and in commercial affairs, there are the tea, silk, piece goods and cloth-dyers' guilds. These are associations which regulate all affairs connected with their respective lines. In the case of, say, the silk trade at the beginning of the season a meeting of the guild will be held to determine the price which will be paid to the farmers for their cocoons, and also for the regulation of sales to foreign buyers and other matters in connection with that industry.

## WHOLESALE TRADE.

As stated above, while the Chinese shopkeepers in the thousands of towns and villages of the country are the distributors of practically all the foreign goods imported into China, and the Chinese are the ultimate consumers—for the quantity absorbed by the foreign population resident in China is a mere fraction of the trade—yet the Chinese themselves with very few exceptions are not direct importers, but all make their purchases and place their orders through the foreign firms who have established themselves in the chief centres of trade. In this they are unlike the Japanese, who are further advanced in western education and have a better knowledge of foreign methods, and are therefore in a position to purchase direct on their own account. But the Chinese are not sufficiently familiar with foreign markets and shipping routes to enable them to do the same, but are quite content to make their purchases through well-established local houses with whom they are familiar. A great deal of the business of the country is done by means of samples, catalogues and price lists but the last two are not sufficient of themselves; for the Chinese buyer always wants to see a sample of the goods whenever possible. The foreign firms of China are of almost every nationality, with the unfortunate exception of Canadian; British, American and Japanese firms largely predominate. Some of these houses have been established in China for over fifty years, and a number of them have branches in the four leading ports named above, and several have also agencies in many of the smaller ports, and are thus in close touch with Chinese buyers everywhere. A great many are engaged in both import and export business. They do not carry stocks but deal in everything. Some are large Government contractors, they can sell you anything from locomotives or field guns to a few cases of soap. Cotton piece goods largely predominate, however, for this is the chief British trade with China. Their export trade consists of tea, and silk, raw cotton, hides, wool, seeds and oil, egg products, peanuts and all native products for which there is a demand in foreign countries.

## RETAIL TRADE.

With the exception of a few drapery, jewellery and chemists' establishments in Shanghai and three or four other ports, the retail trade of China in foreign goods is entirely in the hands of Chinese, as the Chinese are the chief consumers this of necessity must be the case. Shanghai may be taken as a guide to the conditions which generally prevail throughout the whole of China, with the exception that there are certain foreign and native shops here which cater not only to the foreign trade but to the high-class native trade. Foreign drapery stores in Shanghai—the largest port in China—can be numbered on the fingers of one hand, and were it not for their Chinese patronage, the volume of their business would be materially less than it is. The drapery or dry goods sold in these stores comes chiefly from England, with some from France and America. Certain of these shops are in a way departmental stores. Two of them maintain excellent provision departments, and one has an extensive furniture factory which is run in connection with the business. The nearest approach to the

modern departmental store are two large concerns which have been established in Shanghai within the past year. These are large and handsome shops, each five stories in height, with lifts and all modern appliances. They are owned, managed and manned entirely by Chinese, no foreigners whatever being employed in any capacity. They have motor car deliveries to all parts of Shanghai, and are open every day in the year, Sundays included. They deal in all the lines usually found in departmental stores, and handle Chinese as well as foreign goods. These two shops are constantly crowded on every floor, and the yearly turnover in sales must be very large.

Of next importance to these large shops in the retail sale of foreign goods are probably the provision dealers; these are often called *compradores* or storekeepers. Certain of these dealers do a very large business; they are usually able to undersell the foreign stores by 10 to 15 per cent, and so have among their customers many foreign people. A large part of their business is made up in supplies to ships, liners, men-of-war, gun-boats, etc., when such are in harbour. Retail metal and hardware dealers probably come next in value of sale of foreign goods. Chinese chemists' shops or drug stores also do an extensive retail trade. None of the above take into account the multitude of commodities and small articles of every kind that fill the native shops. Most of these novelties come from Japan; they are cheap and gaudy and many of the things are of very little use, yet they seem to meet with a demand and must in the aggregate run into a good deal of money.

*Engineering machinery, railway equipment and rolling stock* occupy a position quite apart from general commerce, and must be regarded as a class by itself. In many cases tenders will be called for, and special arrangements may have to be made in regard to payments, or a certain amount of credit may need to be granted. Therefore this trade requires special handling by technical men, of which there are several in Shanghai and elsewhere in China on the staffs of some of the larger firms.

#### CONDITIONS OF PAYMENT.

The usual terms of sale by exporting houses in Europe and America with their well-established customers in China are ninety-day bills on sight of documents, or in certain cases cash on sight of shipping and other documents, drawn through the bank. It is observed that nearly all Canadian transactions are done on letters of credit arranged by their customers in China; for small accounts with comparatively unknown individual firms this is the safest plan. On the other hand it must be borne in mind that many old and well-established firms would decline to do business on those terms. They consider that their credit is sufficiently good, and their reputation so sound, that an agreement made by them to purchase on the usual terms prevailing should be all that is necessary. This shows the necessity of shippers in Canada being familiar with the standing and reputation of their customers overseas. If a manufacturer has a monopoly of any line of goods which the markets of the world demand, then he is able to sell on his own terms, but when he is competing with others in the same line he must accept the usual terms of the trade. An incontestable letter of credit is not fair to the purchaser, for he has no redress—except in a tedious court of law—should the shipment not prove to be up to specification on its arrival; but the shipper armed with such a document on the despatch of the consignment goes to the bank and draws his money and afterwards loses all interest in the goods nor cares what becomes of them. This plan will not succeed with overseas customers very long; but business must be done and transactions put through on the terms in vogue which have been established by the merchants and manufacturers of other countries.

#### MONEY AND EXCHANGE.

The ramification of Chinese currency is a very difficult matter to explain, and to be thoroughly understood must be carefully studied. The following quotation from a writer in the Trade Supplement of the *London Times* is in brief as near a satisfactory explanation of the subject as can be given:—



"China is the only purely silver-using country in the world. The mysteries and chaotic complication of her monetary system have baffled many students, but it is sufficient to explain that the present unit of the currency is the 'tael.'" Unfortunately there is a bewildering variety of taels, which nominally are supposed to represent an ounce of pure silver. There are no tael coins at all, the tael being merely a measure of weight and also of value, which, however, differ in various parts of the country. It has been computed that there are no fewer than 77 different taels, or measures, in existence in China, but there are only four principal taels. The chief of these is the Haikwan tael, in which all duties levied by the Imperial Maritime Customs are calculated. It is supposed to contain 583.3 grains of silver. The Kuping tael is also an important unit, for practically all Government dues, other than customs dues, are calculated in these taels."

The constant rise and fall in exchange in China has a most deterring effect on general business transactions in this country, for a merchant is never quite certain what will be the Sterling value of his stock or debts or securities at any given date in the future; all depends upon the price of silver at the time. The market is therefore always more or less speculative and uncertain with heavy buying at times to take advantage of favourable exchange, and depleted stocks at other times when low exchange adds to their cost. This situation has existed in China since the beginning of its trade with foreign countries, and there are no signs of any immediate change likely to take place.

At present the above is all that can be said upon this important question. There is a strong probability that within the near future—but how soon no one can say—the Chinese Government will make an attempt to establish some standard for its currency. It is probable that this may be a silver standard which although much less desirable than gold, is infinitely better than no standard at all as is the case at present. It is understood that the Chinese Government has called to its assistance in this matter Baron Sakatani, the Japanese expert, as financial adviser, with the object of formulating some scheme leading to a fixation of the currency of the country.

#### EXCHANGE WITHIN THE COUNTRY.

The question of exchange within the country does not present the same difficulties, for it is a simple matter to calculate the difference in the respective values of the tael between the different ports. Thus a shipment of goods sent from Shanghai to Tientsin and billed in Shanghai taels, may be paid in Tientsin taels more or less, sufficient to meet the bill, and a native bank draft forwarded to the shippers and drawn upon Shanghai in Shanghai taels. Banking in China is a very ancient institution; the Chinese are said to have had a paper currency as early as 800 A.D. Banks are to be found in every city or town of any importance throughout the country. They are all more or less private concerns, and no one can tell anything about their resources or solidity. There is no inspection and no check upon their transactions. Many of the purely native banks belong to families and have no note circulation, but deal in Chinese commercial paper and exchange, and lend money at very high rates of interest. One per cent per month is not considered a high rate to pay on borrowed funds in China. In addition to these native banks which operate all over China, there are a number of so-called Chinese chartered banks, under charter from the central Government or from a provincial government. Such banks are permitted to issue notes; they are to be found only in Shanghai and a few of the large cities, but they have no inspection or any Government reserve; they frequently fail or go out of business, and their notes are often at a discount. The circulating medium in China are notes of the numerous foreign banks doing business in the different ports, in Mexican dollars; and the notes of some of the Chinese banks. Silver dollars, Mexican and Chinese of the same value. Subsidiary coins of 20 cents and 10 cents, and copper cents of Mexican value.

### Trade Methods of Principal Foreign Countries.

The principal countries from which China receives its foreign imports are Great Britain, the United States, Japan and formerly Germany.

#### GREAT BRITAIN.

The British were the first to open up China to foreign trade, and for more than fifty years had practically a monopoly of whatever overseas trade there was in the country. Up to the nineties of the last century British merchants had little or no opposition in China. Almost the only articles coming in were supplied from Great Britain, and the few exports of those days were sent to England. At one time the United States had a considerable trade in cotton cloth with South China, and they were the only rivals of the British in the early days. Ships under the British flag were almost the only vessels to be seen in the harbours of the different ports. The British navigated the rivers and made charts of the coasts, and their hongers were to be found in all the few ports then open to trade. All this exists in a measure to-day, and the leading firms in China are still British; but whether they are selling British goods or not is another question. The merchants of the early days only concerned themselves with cotton cloth. It was in great demand, was easy to sell, in fact sold itself, was clean cargo and gave no trouble; everything else was more or less a bother. Selling cotton cloth and buying silk and tea constituted practically the total operation of British merchants up to the beginning of 1900. Since that date the whole situation of the China market has changed. Instead of importing only one class of goods, China is beginning to manufacture the same article for itself. The United States, Japan and Germany had each before the war marked out a forward policy in this country. Chinese exports which were sneered at thirty years ago are now found to be in demand, and are valuable commodities in the markets of the world. Cotton cloth still represents 65 per cent of all goods furnished by Great Britain to this country. Therefore British trade is largely in one commodity; and should this be lost it is difficult to see at the moment what there will be to take its place. In engineering and machinery, Great Britain still leads to a marked extent, and as its superiority in the production of textile machinery is well known it should not be difficult for her to still maintain the supremacy in this line.

#### UNITED STATES.

The United States has maintained trade relations with China for many years. Sailing ships from the Atlantic coast forty years ago brought cotton goods to China, and several of the leading China merchants of those days were of American nationality. This trade in cotton cloth was eventually lost through indifference; it was taken up again with success, and again lost to the Japanese. The Americans are the most aggressive and progressive business men in China to-day, and they have a more intelligent understanding of Chinese business conditions than any other—excepting perhaps the Japanese. The sales organization of their business concerns are the best in China, for they have adopted in this country some of the methods that have met with success in the United States. The United States Government has also grasped the possibilities of China as a market more intelligently than any other nation, or at least have made a more intelligent study of conditions. Experts have been sent to this country to make special studies of many subjects—transportation, production, trade generally, and trade in special lines. Leading business men, politicians and writers, men and women in public life, educationalists and philanthropists, are constantly visiting China, and delivering addresses and getting information firsthand. Millions of United States dollars are at the present time being spent in China for philanthropic and educational purposes. In addition, there are 3,000 Chinese students in the United States attending different schools and colleges. Many are constantly returning to China, their term completed, to enter the China civil service or to become

educators themselves. Besides all this there are numerous American clubs, societies and other institutions, all tending to foster American sentiment and progress, and to keep America before the eyes of the Chinese people. One effect of all this endeavour is to make the United States stronger commercially in this country, and this is abundantly shown on every hand in China.

## JAPAN.

The close proximity of Japan to China gives the former country a special trade advantage in China which no other nation can hope to equal. Moreover, many lines of Japanese goods seem to be made exclusively for the Chinese markets, or for similar markets in eastern countries, where quality is not always a desideratum. China is a natural market for Japanese goods, and must always be so. There are a multitude of small articles which are produced in Japan for its own home trade; many of such articles also meet with a large sale in China; such lines are not manufactured in other countries and are not likely ever to be, for no other country could produce them so cheaply or sell them so readily along with better qualities of goods. It is a special trade peculiar to Japan, and has developed through the demand of Asian markets for cheap and showy foreign goods, toys and novelties. Such lines consist of cheap rain-coats, straw hats, umbrellas, hand mirrors, metal picture frames, boots and shoes, hand bags, trunks, and holdalls, cheap perfumery, toilet articles and toys, and a multitude of other things. Japanese trade with China, however, must not be regarded as consisting entirely in such articles. Japanese cotton cloth and yarn, matches, soap, beer, enamelled ware, hosiery, chemicals, dyes, electrical goods, electric cables, copper wire and ingots, timber and many other staple articles are largely consumed in China. China is also the source of much of Japan's raw material; wool, antimony, iron ore, pig iron, and other commodities are annually supplied to Japan from China to be turned into manufactured articles and resold to this country. It is not necessary to enlarge upon the favourable position which Japan occupies in respect to the China trade, nor is it necessary to say that the Japanese are fully alive to the advantages and special privileges which they enjoy, and are employing every legitimate means to further improve their position and to push their trade in China.

## GERMANY.

Whatever success attended the operations of German merchants in China was chiefly due to their hard work. To a large extent Germany had to create a market for herself in this country. The chief imports into China consisted of textiles—an industry which had not been greatly developed in Germany. It was therefore necessary for German traders to look about and discover what new line they could profitably introduce. They found that aniline dyes and indigo were in great demand, and they very soon were in control of the large and important trade in artificial dyes in China. Electrical machinery was another line in which they were specially active. Iron and steel products, enamelled ware, paper, musical instruments, and beer, formed also a portion of their trade. There is no doubt that much assistance was given to German merchants by their banks in China and by their Government, thus enabling them to grant long credits and to finance transactions in machinery, etc. To the Germans at Hankow must be given the credit of originating and developing the important and valuable export trade of that port. In the same manner at Tsingtao; the export trade in Chinese products which was very important at the beginning of the war, had been developed entirely within a comparatively few years. The Germans were the great purchasing and shipping agents in China for most of the other continental nations. To Marseilles they made shipments of straw braid, pongee silks, hides and vegetable oils; to Antwerp, seeds of various kinds and vegetable oils; to Holland, the same; and to the United States and Germany, any Chinese products that were in demand.



## CHAPTER VIII.

## Economic Condition of the Chinese People.

While China is a land of vast area and resources, with an enormous population, the consumption of foreign goods does not depend so much upon the desire of the people for many articles, as in their ability to pay for them. The purchasing power of the Chinese people is probably lower per capita than that of any other civilized nation. It is therefore necessary that their whole economic condition must be improved if the trade of the country is to greatly expand. It is all very well to say that China has vast resources; but resources are of little value if nothing is made of them. The great bulk of the Chinese people live off the soil, and all of their exports to foreign countries are in natural products—tea, silk, beans, seeds, hides, skins and furs—yet agriculture is conducted in the most primitive manner. New seeds are never introduced, and machinery not at all employed. The cotton seed annually sown has so deteriorated that it only produces about half a crop of cotton, having fibres so short that it has a very limited sale abroad. It is not that the land is overpopulated so much as it is underproductive, due to faulty methods of cultivation. Nevertheless, too many people are trying to live off the soil for the reason that there is no other employment for their labour. Millions of the inhabitants should find employment in working the mines now undeveloped, and other millions should obtain their living through various industrial occupations badly needed throughout the Republic.

Primarily the most pressing needs of China are:—

(1) A great extension of railway lines to enable far distant and now inaccessible provinces to convey their products to the markets of the seaboard.

(2) Government support and instruction in agriculture. This is of prime necessity. In particular the tea, silk and cotton industries all require special attention; and in respect to the former, unless some means are employed to improve the methods of cultivation and curing of tea, the industry is threatened with total extinction.

(3) The extensive mineral wealth of the country needs to be developed, and this cannot be done without the assistance of foreign methods and foreign money.

(4) The establishment of industrial enterprises of every conceivable kind. This is probably the most difficult of all the problems, but without such industries China cannot hope to advance very far, or the conditions of the people to greatly improve.

In order to bring this about encouragement will need to be given to foreign capitalists to induce them to make investments in industrial enterprises in the country. The present existing anomalous and absurd export duty and inland transit tax as well as duty upon raw material will need to be removed, and the country generally reorganized on common-sense and business-like lines, instead of the haphazard manner in which it is being run at the present time.

## INDUSTRIAL ENTERPRISES.

If China is to advance at all it must be along industrial lines in order that the pressure upon the soil may be relieved. It has frequently been stated that the Chinese are inefficient, but this statement is not literally true. Their mistakes in the management of industrial enterprises are not those of inefficiency so much as want of knowledge. Practically none of the people have ever had any instruction in technical knowledge, and extremely few of those who go abroad to acquire this form of education ever make any practical use of what they have learned upon their return.

Any knowledge which the Chinese have obtained in engineering and in technical methods, excepting railway engineering, has been derived from working in mills and

factories conducted under European management, and most of this has been merely picked up and has little or no scientific comprehension at the back of it. The Chinese are admirable in their management of small affairs, but in the conduct of large enterprises they are completely at sea. They have not the genius for organization and leave too much to badly paid assistants. They do not understand how to eliminate waste, or how to utilize by-products. Their industries are nearly always under-capitalized, and so advantage cannot be taken of purchasing raw materials when markets are favourable. The above must only be taken as applying in a general way. There are some occasional apparently successful industries, but they are so few as to be exceptions.

Spread over the central parts of China in almost every large town are to be seen large factories which are either completely closed down, or when running at all only work a few months in each year. In one place it will be a cotton mill; in another a silk filature; in another a brick works or glass factory, or a paper mill. The history of nearly all their failures is as follows: A company is formed with either insufficient capital or a building is erected far too large for the requirements of the business. The industry is frequently established in a district where sufficient raw material is not always available. Consequently the works are idle many months of the year. No provision is made in the prosperous years for depreciation of buildings and machinery. Capital is diverted from one industry to maintain some other of a different nature. This is not an exaggerated picture but is common knowledge of all who have resided in China for any length of time. This state of affairs is entirely due to lack of knowledge of industrial methods and the economies of modern business.

#### CUSTOMS TARIFF.

The Chinese customs tariff, which has been fixed by treaty with the various powers, is a 5 per cent *ad valorem* duty only, which is applied to imports and exports alike. The port of Shanghai is the chief point of entry of all foreign goods imported into China.

In addition to the import and export tariff duties, there is a wharfage dues surcharge of 2 per cent of the duty paid, the amount thus received being divided between the International and French Municipal Councils and the local Chinese officials by an arrangement made in 1899. This is purely a municipal tax, and as a measure of convenience is collected by the customs at the time the duty is paid.

In addition, there is a conservancy tax of 3 per cent of the duty paid, which is also collected in the same manner—and for the same reason—by the customs and remitted to the conservancy board of river improvement at the port of Shanghai.

The Chinese customs tariff is grotesque inasmuch as it penalizes China's overseas trade to the extent of 5 per cent *ad valorem* on all exports. China maintains a most efficient and well-organized customs service of highly-paid foreign officials, whose whole time is spent in collecting a 5 per cent *ad valorem* duty. The same organization could collect a duty of 10, 15 or 20 per cent at the same expense. A large sum of money is urgently needed for harbour improvements at Shanghai, and the question has been asked: Where is the money to come from? What difficulty would there be in increasing the present small duty to 8 or 9 or even 10 per cent and thus obtain the funds necessary? The increase would never be felt. Another peculiarity of the Chinese customs is a condition that probably does not exist in any other country. It is the tax on their own goods from one port to another within the country. Once a foreign-made article has been entered at a treaty port and the duty paid, it is free to be sent to any other treaty port without the payment of further dues; but a bale of Chinese cotton cloth manufactured in Shanghai, or any other article, if sent to Hankow, another port, must pay just as much duty as was paid by the imported article. In the matter of dues and duties there is no protection whatever or even encouragement given their manufacturers by the Chinese Government.

## WEIGHTS AND MEASURES.

Weight—Weights are expressed in piculs, catties and taels:—

One picul	= 133 $\frac{1}{4}$ lb. average = 60'453 kilogrammes.
	= 1 $\frac{1}{5}$ cwt. English.
	= 1 $\frac{3}{8}$ " American.
16'8 piculs	= 1 long ton
15'0 "	= 1 short ton.
16'54 "	= 1 metric ton.
One catty	= 1 $\frac{1}{4}$ lb. average = 604'53 grammes.
One tael	= 1 $\frac{1}{4}$ oz. average = 583'3 grains.
	= 37'783 grammes.

## THE FUTURE OF THE PACIFIC.

To one who has given the subject thought it should be evident that the trade of everything north of the Philippines must more and more go to the Pacific, to Japan, the United States, and to Canada as the years go on. Many reasons point to the conclusion that the great trade development of the near future will take place in Asia. Europe for a certain number of years must demand the attention of other nations until the losses and ravages of the war shall be repaired; but this of itself in point of time will not occupy many years, and when the reconstruction period shall have passed, several of the nations which for the present are unable to supply even their own demands, will eventually become exporters themselves as they were before the war. The demand for manufactured goods by European countries, such as France, Belgium, and Italy, will therefore within a comparatively short time be limited to those articles which they cannot produce themselves. Raw materials will of course be required which will be turned into manufactured goods to be exported abroad. The conditions which maintain in most Asiatic countries are entirely different from those which exist in Europe. With the exception of Japan none of these Eastern countries have yet attained to any industrial activity, and are not likely to for many years to come; and even should they reach to any proficiency in industrial methods, all the apparatus and machinery which will be required to produce this result must be supplied by other countries, and in the interval the growing needs of these populous nations must also be obtained from the same sources.

The following extracts taken from an article in the *London Statist* is a confirmation of the views herein expressed:—

"Events at present are rapidly tending towards a complete diversion of the principal trade of the world from the Atlantic to the Pacific. In ancient times it is hardly too much to say that the Mediterranean was the centre of all international trade, and it continued so until the discovery of the route round the cape and of America. Since then the Atlantic has been the centre of the world's trade, and those who attained superiority in the Atlantic also attained it elsewhere. Comparatively few centuries have passed since the Mediterranean lost its supremacy; and yet we venture to think that the supremacy of the Atlantic is rapidly passing away, and before very long will be acquired by the Pacific. On the east the Pacific ocean washes the western coast of the United States. It also washes the western shore of Canada, which is about the same size as the United States, and manifestly has a brilliant future before it. The population of the United States alone already exceeds 100,000,000, and unless something altogether unexpected happens that population will double in two or three generations.

"Now let us cross the Pacific and see what is to be found on its Asiatic border. Firstly, we have the extreme eastern portion of what used to be, until the other day, the Russian Empire. At the moment it is a kind of No Man's Land. Of course, it will be snatched from its present state of dissolution and will again assume a most important place in the world's trade. It is rich in every kind of product. And it is destined to carry on a large trade across the Pacific. Then, skirting the Asiatic continent, lies that long series of islands which was the birthplace of Japan, but which



Japan has now outgrown and to which she has added a considerable domain in China and Korea. Further south is the vast republic of China. There is a confusing disagreement of authorities as to the actual population of China, some putting it as low as 250 millions, while others put it as high as 430 millions. The truth probably lies somewhere between those two extremes. But take the actual population at any figure you like, from 250 to 430 millions, it is an immense aggregate of human beings, who are easily governed, exceedingly industrious, and well skilled in the art of the merchant, China is one of the greatest communities in the whole world. And she needs only a competent leader to play a most important part."

The returns of trade of the different United States Pacific ports is a further evidence of the growing importance of transpacific commerce. For the nine months ending with March, 1918, the aggregate imports of the different ports were more than double the figures for the corresponding months of the previous year. The figures were, 1917-18, \$466,000,000, as against those for 1916-17, \$223,000,000. That this is not entirely due to U-boat activities in the Atlantic is proven by the fact that this increase in transpacific trade had been observed previous to the beginning of the war, and was probably due to the extension of shipping lines to the various Eastern countries—China, Japan, Singapore, the Philippines, the Dutch Indies, Java, and British India—and the increasing demand on the American continent for the numerous raw products peculiar to those countries—rubber, tin, tea, hemp, silk, anti-mony, vegetable oils, hides and skins, wool, etc.

The Pacific Coast ports of the United States and Canada are in direct communication by many lines of steamers with all the ports of the Far East, and in point of distance the Canadian ports of Prince Rupert, Victoria and Vancouver occupy a very favourable position. Prince Rupert and Victoria are nearer to Shanghai by a number of sailing miles than any of the United States' ports, while Vancouver has an advantage in distance over every United States port excepting Seattle. The following table will show the distance from each port to Shanghai, by way of Yokohama and the Inland sea of Japan:—

	Miles.
Prince Rupert to Yokohama.. . . .	3,815
Victoria to Yokohama.. . . .	4,200
Vancouver to Yokohama.. . . .	4,280
San Francisco to Yokohama.. . . .	4,521
Tacoma to Yokohama.. . . .	4,281
Seattle to Yokohama.. . . .	4,259
Yokohama to Shanghai, via Inland Sea.. . . .	1,140

#### TRADE OPPORTUNITIES IN CHINA.

Enough has been said to show the importance of China as a market for foreign manufactured goods. It is not so much the value of the trade to-day as the value that it must attain to with the coming years. If China is not advancing rapidly along new and modern ways, she is certainly not going back. There is evidence on every hand to show that advancement is being made, and the probabilities are that the progress from this time forward will be much more rapid than ever before; the present is therefore a most fitting time for those countries that are interested in the development of an overseas commerce, to make a study of this market and to familiarize themselves intimately with the country itself, its trade, resources, and people. In particular the actual position of China on the map and its relationship to other countries adjoining should be thoroughly understood. The location of the chief towns as far as they are concerned in foreign trade, and the different rail and river routes, should be studied and made familiar; the products of the country and what China has to sell as well as what it buys, should be known; for all such matters are of importance. A thorough knowledge of shipping routes, and shipping agents, and steamship lines, freight rates and tonnage, bills of lading, and insurance, are matters with which every shipper should be familiar, and terms of sale f.o.b. or c.i.f. accurately understood. The more

one knows of a country the easier it will be to do business with that country, but this knowledge cannot be obtained without some thought and study.

It is generally regarded that China presents the greatest undeveloped overseas market for foreign goods that exists anywhere. No one who has made a study of the question has any doubts upon the subject. It is inconceivable that 400,000,000 people inhabiting one of the most productive portions of the world can for ever fail to be influenced by the activities of other countries and peoples. As it is, even during the period of the war with many factors operating to prevent expansion, the foreign trade of China has yearly increased, reaching a maximum last year of over \$1,000,000,000 gold, of which imports amounted to \$597,000,000 and exports to \$462,000,000. This is no inconsiderable volume of business, yet it only represents a per capita trade of about \$2.50 per annum or an import per capita of less than \$1.50. Expansion and increase may perhaps be slower than in many other countries, for many factors are concerned in the problem; and undoubtedly the purchasing power of the mass of the people is lower than in almost any other country, but this must improve with time. The country is not over populated, but its methods of production are primitive and insufficient, and as before stated, transportation facilities are urgently needed, but in a measure this has been provided for, and will eventually be established. In order to carry out this, foreign material will be required, which Canada is in an excellent position to furnish in part.

#### SOME POINTS UPON OVERSEAS TRADE.

Overseas trade differs in many respects from home trade, yet in other respects it is much the same.

Very few Canadian wholesale houses attempt to do business at home by correspondence only, therefore why should they expect to do an overseas trade with foreign countries by methods which are found to be unsuccessful at home? It is unfortunate that business houses in China, with few exceptions, make little attempt to push the sales of any of the articles for which they are agents. They take on an agency for almost everything, but make little effort to push trade in the interior. There are some firms that employ travelling salesmen who make periodical visits to other ports, but their number is not great, and consist mostly of the representatives of drugs, soap, chemicals and dyes, biscuits, hardware and sundries. The cigarette establishments and the kerosene oil companies have their own resident managers and salesmen in all parts of the country. Nearly all advertising of special lines and proprietary articles must be done by home manufacturers. Personal representation then in many lines of special manufacture and new products is the means most likely to meet with success in establishing a connection in the China market. All manufacturers of such lines as building hardware, roofing, paints and oils, special machinery, gasoline engines, electrical supplies, enamelled ware and similar products, if desirous of or seriously wishing to develop an overseas trade should, if possible, send their personal representative over the ground at least once. It is quite impossible for any one to judge intelligently of China or the China market without having seen and investigated both for himself. The same also applies to the markets of Japan, the Philippines, the Straits Settlements and India.

The representative should not be too young, and should have an intimate knowledge of the business which he represents. If possible a principal or some member of the firm should be the first to visit the overseas markets. The firm would thus acquire a personal knowledge of the country and its trade conditions; they would also be able to form business connections and to establish agencies, which would be of value for future operations. In the machinery and engineering trades any representative sent abroad should have technical knowledge of the lines which he represents, and be able to talk with a clear understanding of his subject, for he must meet engineers and practical men, and be in a position to answer their inquiries and to meet their criticisms. A good and workable plan might be for several manufacturers of lines of

goods not in competition to club together in sending a salesman through the different Far Eastern markets; this would greatly lessen the expense to each, and if the man was equally alive to the interest of all this arrangement as an initial experiment should be satisfactory.

A more or less constant demand exists in China for such articles as cotton and woollen textiles, cotton yarn, berlin wool, hosiery, underwear, metals, tinned plates, galvanized sheets, corrugated iron, iron and steel bars, angles and plates, ships' plates, bolts, nuts and rivets, wire nails, general hardware, paints and paint oils, white lead, wire-gauze and netting, wire cables, brushes, kitchen utensils, enamelled ware, cutlery, leather, paper of all kinds but chiefly news print, iron beds, sewing machines, rubber goods, druggists' sundries, medicines, caustic soda and other chemicals, soap, perfumery, machinery, asbestos packing, steel tubing, cocks and valves, plumbing material, railway material, locomotives, railway coaches and trucks, motor cars, electrical material and fittings, window glass, roofing material, timber, doors, barrel staves and headings, tea boxes, provisions, condensed milk, biscuits, confectionery, tinned fruits and vegetables, fresh fruits in season, butter and cheese, jewellery, watches, and fancy goods and novelties.

#### VALUE OF TRADE MARK.

Before closing this review it is well to point out the great value of a trade mark for all special articles to be sold in the China markets. Such marks are familiarly known among the Chinese as Chops, and several lines of goods—notably cotton cloth of certain counts—have been sold under a special chop for the past fifty years or more. In handling a new brand of tinned milk, the importing firm in introducing the brand to his trade must do a certain amount of advertising, but he is not willing to do this, nor to be put to the expense of establishing the brand unless he can be certain that he can obtain the identical same milk and the same brand for all time. If the article is sound the brand acquires an added value year after year, and the goods are always in demand, and can be sold on the established reputation of the name. This particularly applies to tinned milk, tinned vegetables, fruits, and jams, and other products, to pickles, sauces, condiments, and biscuits, to white lead and paints, tinned plates and galvanized sheets, and many other lines of goods which are familiar to the different trades. The Chinese buyer cannot read English names, but he can understand and recognize a picture or other trade mark when he sees it.

#### CHINESE STUDENTS.

It is generally recognized that the more two countries know of each other the more easy it is for those countries to carry on commercial and other transactions among themselves. The United States is better known in China than any other country; in fact the United States is known and better understood by more Chinese in this country than China is by Americans in the United States. The principal reason for this is the number of young Chinese who have been educated, and consequently have resided in the United States for several years, and then returned to China to apply the knowledge which they have acquired. There are at the present time about 3,000 Chinese students attending different colleges and universities in the United States, and others are departing periodically to join those already there, while others, their education being completed, are constantly returning. A visitor to Peking or Shanghai—but principally the former—cannot fail but be struck by the number of young English-speaking Chinese to be met with there who have been educated in the United States. These young men are employed in Government service or in the different Chinese schools and colleges, or in railway, engineering, and other occupations.

It should not call for much intelligence to understand the extraordinary value of the residence of this number of young Chinese in a foreign country, for a certain number of years, at an age when their receptive faculties are the most active; and





Group of Chinese Students that left Shanghai for the United States in August, 1918.

their eventual return to their own country. The great majority of these young people come back, their minds filled with the knowledge which they have obtained and the observations they have made upon American institutions; those of them who have taken an engineering, a mining or an agricultural course, naturally first think of American methods, American equipment, and American material, when putting their knowledge into practice in their own country. The knowledge which they also acquire of the American people, their social and industrial life—distances, travel, etc.—is never forgotten, and must be a wonderful asset in the promotion of trade and commerce between the two countries.

#### PROGRESS OF EXISTING BANKS.

Expansion and progress is being shown to a marked extent by several of the banking institutions which have for a long time been established in China. The Hong Kong and Shanghai Banking Corporation has purchased the property on the south adjoining their present extensive premises, and will erect a new building of large dimensions and handsome appearance. This bank is also erecting a new bank building at Hankow. The Chartered Bank of India, Australia and China, will soon begin the construction of a new office building in Shanghai, and the International Banking Corporation (American) are putting up a new building in Hankow. The Banque Industrielle de Chine, one of the two French banks in China, has recently greatly increased its capital with a view of expanding its operations in China and elsewhere in the East. Formerly the capital stock of this bank was frs. 45,000,000; it is now to be increased to frs. 75,000,000, or \$15,000,000 Canadian currency.

Foreign banks doing business in China at date of writing are as follows:—

Hong Kong and Shanghai Banking Corporation (British).

Chartered Bank of India, Australia and China (British).

Mercantile Bank of India (British).

International Banking Corporation (American).

Asia Banking Corporation (American).

Banque de L'Indo-Chine (French).

Banque Industrielle de Chine (French).

Belgian Bank (Banque Belge Pour L'Etranger), (Belgian).

Russo-Asiatic Bank (Russian).

Netherlands Trading Society Bank (Holland).

Yokohama Specie Bank (Japanese), and five other Japanese banks of considerable capital and good financial standing.

The German Bank is being liquidated by the Chinese Government and the bank building is advertised for sale.

#### CHAPTER IX.

#### Chinese Markets for Canadian Products.

The figures for this report are from Chinese Customs returns for 1917, and values are stated in Haikwan taels. In order that values may be converted into standard currency, the following were the average rates which prevailed during the year:—

Haikwan tael 1	= \$1.03 American and Canadian money.
	= 4s. 3 $\frac{1}{4}$ d. English money.
	= Francs 5.94 French money.
	= Rupees 3.11 Indian money.
	= Yen 1.98 Japanese money.
	= Mexican dollars 1.63.



This exceedingly high rate of exchange is entirely due to the enhanced value of silver, which has not reached the figures now prevailing for a period of nearly forty years, and as the tael has no fixed value, with a rise in the price of silver the value of this medium must also increase. This will be referred to later on under the heading of exchange.

The total trade of China for 1917 reached the record figures of over \$1,000,000,000 gold. It must be pointed out, however, that these figures appear better than they really are, on account of the high values of local money, and that, in comparison with some former years, the actual bulk of trade did not materially increase.

For the six years 1912-17 the figures of China's total trade are set forth in the following table:—

Year.	Imports.	Exports.	Total.
	Haikwan Taels.	Haikwan Taels.	Haikwan Taels.
1912.. . . . .	473,097,031	370,520,403	843,617,434
1913.. . . . .	570,162,557	403,305,546	973,468,103
1914.. . . . .	569,241,382	356,226,629	925,468,011
1915.. . . . .	454,475,719	418,861,164	873,336,883
1916.. . . . .	516,406,995	481,797,366	998,204,361
1917.. . . . .	549,518,774	462,931,630	1,012,450,404

#### DISTRIBUTION OF FOREIGN TRADE (1917).

The portion of China's overseas trade for 1917 falling to each important nation is hereunder shown. Attention is called to the fact that these figures are not an exact demonstration of the actual proportion of each country's trade in normal times. In this table German, Austrian and Belgium trade is entirely eliminated. The trade of the British Isles has also been seriously curtailed during the whole period of the war, while that of the United States and Japan has in a reverse order markedly increased. The figures can therefore be only considered approximate, and should be read in conjunction with the return for 1914, taken from the *Weekly Bulletin* of April 3, 1916, page 636, which follows.

The following tables show the distribution of the Chinese foreign trade for 1917:—

Country.	Imports.	Exports.	Total.	Per cent.
	Imported from. Haikwan Taels.	Exported to. Haikwan Taels.	Total Trade. Haikwan Taels.	
Great Britain.. . . . .	51,989,135	26,089,759	78,078,894	7.8
Hong Kong.. . . . .	158,602,488	115,842,946	274,445,434	27.5
British India.. . . . .	26,989,184	6,950,387	33,939,571	3.5
Straits Settlements.. . . . .	6,877,792	6,674,852	13,552,644	2.2
Canada.. . . . .	4,094,347	2,686,522	6,780,869	
Australia and New Zealand.. . . . .	585,205	1,027,370	1,612,575	
South Africa.. . . . .	15,839	41,891	57,730	
Total British.. . . . .	249,153,990	159,313,727	408,467,717	41%

#### DISTRIBUTION OF FOREIGN TRADE (1917).—Continued.

Country.	Imports.	Exports.	Total.	Per cent.
	Imported from. Haikwan Taels.	Exported to. Haikwan Taels.	Total Trade. Haikwan Taels.	
Japan and Formosa.. . . . .	221,666,891	105,773,819	327,440,710	32
Korea.. . . . .	11,843,006	8,518,934	20,361,940	—
United States.. . . . .	65,960,777	94,786,229	160,747,006	16
Germany.. . . . .	.....	50	50	—
Russia.. . . . .	11,217,735	49,750,506	60,968,241	6
France.. . . . .	2,309,160	25,536,079	27,845,239	2.7
Italy.. . . . .	467,999	3,905,824	4,373,823	2.3
Belgium.. . . . .	7,597	.....	7,597	
Holland.. . . . .	33,625	26,356	59,981	
Scandinavian countries.. . . . .	655,076	1,690,325	2,345,401	
Other eastern countries.. . . . .	13,892,240	12,203,595	26,095,835	
All other countries.. . . . .	173,243	1,426,186	1,599,429	
Total.. . . . .	577,381,339	462,931,630	1,040,312,969	100%
Less re-exports.. . . . .	27,862,565	.....	27,862,565	—
Total net trade.. . . . .	549,518,774	462,931,630	1,012,450,404	—



## DISTRIBUTION OF FOREIGN TRADE (1914).

The following tables show the distribution of the Chinese foreign trade for 1914:—

Country.	Imported from. Haikwan Taels.	Exported to. Haikwan Taels.	Total Trade. Haikwan Taels.	Per cent.
Great Britain.. . . .	104,934,389	22,016,556	125,950,945	—
Hong Kong.. . . .	166,498,763	93,399,753	259,898,521	—
British India.. . . .	39,134,616	6,776,819	45,911,435	—
Straits Settlements.. . . .	7,557,366	6,952,716	14,510,082	—
Canada.. . . .	1,166,944	794,061	1,961,005	—
Australia.. . . .	1,030,721	490,293	1,521,014	—
South Africa.. . . .	42	36,127	36,169	—
<b>Total British.. . . .</b>	<b>320,322,841</b>	<b>130,466,330</b>	<b>450,789,171</b>	<b>49.5</b>
Japan and Formosa.. . . .	120,687,059	63,476,859	184,163,918	20.0
United States.. . . .	40,782,835	39,860,875	80,643,728	9.0
Germany.. . . .	14,103,969	10,272,817	24,376,786	3.0
Russia.. . . .	21,916,262	41,494,168	63,410,430	7.0
France.. . . .	4,938,557	22,862,317	27,800,874	3.5
Italy.. . . .	776,416	5,237,584	6,064,000	0.7
Belgium.. . . .	17,582,946	5,055,145	22,638,091	2.5
Holland.. . . .	1,355,223	4,669,725	6,024,948	0.7
Scandinavian countries.. . . .	1,987,942	901,764	2,889,706	0.3
Thirteen other countries.. . . .	27,603,902	20,933,290	48,537,192	5.0
<b>Total.. . . .</b>	<b>572,057,970</b>	<b>345,280,874</b>	<b>917,338,844</b>	<b>—</b>
<b>Less re-exports.. . . .</b>	<b>14,948,922</b>	<b>.....</b>	<b>14,948,922</b>	<b>—</b>
<b>Total net trade.. . . .</b>	<b>557,109,048</b>	<b>345,280,874</b>	<b>902,389,922</b>	<b>—</b>

## LEADING LINES OF IMPORTS.

What goes far to simplify trade with China is the fact that the goods which are in demand in one port are the same that are required in all. There are no special lines necessary for special markets, but all consume practically the same classes of foreign goods. Shanghai may be said to set the fashion in a way, but to a very limited extent, and only because it holds a larger foreign population than any of the other ports. Generally speaking, excepting in the machinery and metal trades and hardware, the quality of imported goods in greatest demand is not of the first class. A showy article at a low price appeals to the pocket and taste of the Chinese to a much greater extent than better goods of a higher value. This is shown to a marked extent in the numerous native shops which are engaged in selling foreign goods. Such shops are crammed full of miscellaneous collections of the cheapest kinds of goods: cheap hand-bags, umbrellas, raincoats, straw hats, mirrors, German and Austrian glassware and clocks, and an innumerable multitude of Japanese fancy articles. The glaring appearance and cheap price of all such lines of goods are particularly enticing to the Chinese buyer, consequently they are sold in the streets and market places and in shops in large quantity. In the aggregate, however, this business is only incidental to the much more important and valuable trade in those commodities which are standard in all the markets of the world. Broadly speaking, China annually imports a little of almost everything that is produced in foreign countries, and a great deal of some of the products.

The following lines of goods are classed in customs returns as constant items of import:—

*Cotton Textiles.*

Shirtings, grey.  
Sheetings, grey.  
Shirtings, white.  
Drills.  
Jeans.  
T-cloths, 31-in.  
36-in.  
Cambries

Lawns.  
Muslins.  
Fancy muslins.  
Art muslins.  
Cretannes.  
Prints.  
Printed drills.  
Crapes.

*Cotton Textiles.—Continued.*

Sateens.  
Cotton, Italians, black.  
Coloured.  
Turkey red cotton.  
Dyed cottons.  
Italians, figured.  
Venetians.  
Poplins.  
Shirtings, dyed.  
Cotton flannel.  
Dyed.

Japanese cotton crape.  
Cloth.  
Velveteens.  
Cotton Blankets.  
Handkerchiefs.  
Towels.  
Yarn.  
Thread in balls.  
Thread in spools.

*Union Cloth.*

Alpacas.  
Lustres.  
Blankets and rugs.

Suitings.  
Union, Italian.  
Shirtings.

*Woollen Goods.*

Blankets and rugs.  
Broad cloths.  
Camlets.  
Suitings.

Bunting.  
Flannel.  
Yarn and cord.

*Miscellaneous Textiles.*

Canvas and sail cloth.  
Cotton duck.  
Gunny and Hessian cloth.  
Linen goods.

Plushes and velvets.  
Silk piece-goods.  
Plushes and imitation fur.  
Upholstery fabrics.

*Iron and Steel and Metals.*

Brass and yellow metal.  
Copper bars and ingots.  
Wire.  
Iron and mild steel:—  
Anchors, anvils, castings, chains and forgings.  
Angles and tees.  
Bars.  
Cobbles and wire shorts.  
Hoops.  
Joists.  
Nail-rod.  
Nails and rivets.  
Pig and kentledge.  
Pipes and tubes.

Plate cuttings.  
Rails.  
Screws.  
Sheets and plates.  
Wire.  
Iron, galvanized: Sheets.  
Wire.  
Lead, in pigs and bars.  
Tea and sheet.  
Tinned plates.  
White metal or German silver  
Zinc (spelter).  
Sheets and plates.  
Other manufactures.

*Sundries.*

Arms and munitions:—  
Of war.  
Sporting.  
Bags of all kinds.  
Bedsteads, iron.  
Brass.  
Belting, machine.  
Biscuits.  
Books, printed and music.  
Engraved or printed.  
Bricks and tiles.  
Butter (including ghee).  
Buttons, brass and fancy.  
Candles of all kinds.  
Candle-making materials:—  
Candlewick.  
Stearine.  
Carpets and carpeting.  
Casks, etc., empty.  
Cement.  
Charts, maps, pictures, and other products of the graphic arts.

Cheese.  
Cigarettes.  
Cigars.  
Clocks and watches.  
Clothing, hats, etc.  
Confectionery (not including cocoa and chocolates).  
Cordage.  
Covers, bed and table.  
Cutlery and electro-plateware.  
Dyes, colours and paints.  
Aniline.  
Indigo, artificial paints and paint oil.  
Electrical materials and fittings.  
Felt and felt sheathing.  
Flour.  
Fruits, dried.  
Fresh.  
Gas fittings.  
Gasolene, benzine, naphtha, petro', etc.  
Ginseng.

*Sundries—Continued.*

- Glass, window.  
 And glassware.  
 Hardware.  
 Haberdashery.  
 Honey.  
 Hosiery.  
 India-rubber and gutta-percha:—  
 Manufactures of all kinds (including shoes and boots).  
 Instruments, musical, automatic.  
 Pianos, etc.  
 Instruments and apparatus, scientific (including medical, optical and surgical).  
 Jewellery, real and imitation (including gold-ware and silverware).  
 Lamps and lampware.  
 Leather.  
 Manufactures of (not including machine belting and shoes and boots).  
 Imitation, and oilcloth (not including oilcloth for flooring).  
 Looking-glasses and mirrors.  
 Macaroni and vermicelli.  
 Machine tools.  
 Machinery:—  
 Agricultural.  
 Propelling (as boilers, turbines, etc.).  
 For the textile industries (as carding, colour-printing, weaving, spinning, etc.)  
 For brewing, distilling, sugar refining, etc.  
 Other kinds, and parts of machinery.  
 Machines, embroidering, knitting and sewing.  
 Margarine and artificial butter.  
 Matches.  
 Medicines (including cocaine and morphia).  
 Milk, condensed, in tins.  
 Molasses.  
 Needles.  
 Oil, kerosene.  
 Oils, lubricating.  
 Vegetable.  
 Paper (including cardboard).  
 Perfumery and cosmetics.  
 Photographic materials.  
 Printing and lithographing materials.  
 Railway sleepers.  
 Safes and strong-room doors.  
 Scales and balances.  
 Shoes and boots, leather.  
 Shooks for making casks.  
 Soap, and materials for making.  
 Soda.  
 Stationery.  
 Stores, household.  
 Stoves and grates.  
 Telegraph and telephone materials.  
 Timber, hardwood.  
 Softwood.  
 Toilet requisites.  
 Tools, hand.  
 Toys and games.  
 Trunks and suit-cases.  
 Umbrellas.  
 Varnish.  
 Vehicles:—  
 Locomotives and tenders.  
 Railway carriages and wagons (including tramcars).  
 Traction and road engines.  
 Motor-cars.  
 Motor-cycles.  
 Velocipedes (bicycles, etc.).  
 Other kinds.  
 Waters, aerated and mineral.  
 Wines, beer, spirits, etc.:—  
 Beer and porter.  
 Spirits (not including spirits of wine).  
 Wines.  
 Other beverages.  
 Wood-pulp.  
 Woods of all kinds not otherwise enumerated.  
 Woodware.

**What Canada Can Supply.**

A careful study of the foregoing rather long list of articles which find a market in China, must show that there are many lines of goods which Canada is in a position to furnish and to compete for the trade along with other nations. On the other hand, there are several commodities which are quite outside the resources of Canada to furnish, and consequently it would be a waste of energy, and an expense, to endeavour to form a business connection in China in those lines. It is also to be pointed out that there is no market in this country for threshing machines, steam or traction ploughs, stump-pulling machines, washing machines, churns, wire fencing, barbed wire, canoes or rowing boats, rubber overshoes; and for very little agricultural machinery of any kind; but there is a sufficiently large class of other lines of goods and manufactures which Canada can supply, and in which there is fairly large trade and a more or less constant demand in all the markets.

## LISTS OF IMPORTERS.

The writer has prepared an alphabetical list of well-established firms of shippers and importers in the leading ports of China which can be obtained by writing to the Commercial Intelligence Branch, Department of Trade and Commerce, Ottawa, referring to file 23019.



## COTTON GOODS.

The preponderance of the trade in cotton textiles and cotton yarn over all other commodities is a marked feature of China's import trade. China and India are the greatest markets in the world for cotton goods; and it has been through the demands of those markets that the immense cotton industries of Manchester and Lancashire have been built up. At one time Manchester goods were the only item of foreign manufacture of any account that found a market in this country. Cotton cloth and Manchester piece-goods represent one-third of the total importations of foreign goods into China; it can therefore be well understood why the piece-goods trade bulks so largely in all trade returns and consular reports from this country. Generally speaking, the volume of transactions in Manchester goods is a fair index of general trade conditions during any particular year, for when the piece-goods trade is flourishing then all other lines are usually active and business in the interior is good. The purchasing power of the people for the time being is shown in this way to be enhanced, or exchange is favourable to imported goods, or stocks in the interior are low. It would seem that cotton cloth is the one article of foreign manufacture which the Chinese can least do without, and the demand appears to be less affected by the cost of the article than by the other factors mentioned above. The conclusion would be that the market is capable of absorbing great quantities of such goods, and there is always a demand when conditions are favourable. Great Britain until within the past few years had this business almost entirely to itself. The old British firms in China confined themselves almost exclusively to this trade, and at the present time cotton goods represent 65 per cent of the total trade of Great Britain with this country. For a number of years the United States also obtained a considerable share of the piece-goods business, particularly in the heavier makes of sheetings and shirtings, but within recent times American cotton cloth has almost entirely disappeared from these markets, having given place to Japanese cloth of similar texture. In common with many other lines of goods, Japanese trade in cotton cloth is annually increasing in China. In Manchuria also the special privileges which Japan enjoys in those markets has almost given that country a monopoly of the important piece-goods trade of those northern districts. With the increased installations of looms in Japan, and with correspondingly increasing output of cotton goods, and with the added product of the mills in China, it is hardly likely that British trade in cotton cloth will increase, but may possibly decline with coming years.

The following table will show the proportion which cotton goods bear to the total import trade of China for the five years, 1913-17:—

	Total Net Imports. Haikwan Taels.	Total Cotton Goods. Haikwan Taels.	Per cent.
1913. . . . .	570,162,557	182,419,023	32
1914. . . . .	569,241,382	183,328,473	32
1915. . . . .	454,475,719	149,300,513	33
1916. . . . .	516,406,995	136,679,386	26
1917. . . . .	549,518,774	158,950,267	28

## SOFTWOOD TIMBER.

The extent and value of the timber trade of China has been often referred to in different trade reports from this office, and figures have been given from time to time to show the importance of this trade. The following extracts taken from the report of Mr. Carl L. Seitz, managing director of the China Import and Export Lumber Company, before the Chinese Customs Tariff Commission, will be found of great value, giving in the words of an expert, who has spent the whole of his business life in the China timber trade, his opinions upon the future prospects of the business.

"Virgin timber-stands exist in China only where the topography is such as to render it commercially inaccessible or else in territory so poorly watered that farmers have found no inducement to destroy the timber in order to cultivate the land. The-

latter condition applies to the forests of North-east Manchuria, which may, however, be opened up in due course through the development of railway communication and transportation. These North-east Manchurian woods will be absorbed within the province where they are exploited and will not, under normal trading conditions, find a market in Central or South China, although to a limited extent they may be marketed, through Tientsin, in North China.

"The small sized timber and poles obtained from second growths or cultivated forests found in scattered patches of hill country in Central and South China can be assumed, under normal conditions, to suffice for local native requirements in the territory where they grow.

"Woods suitable in size and length for substantial construction work, such as factories, foreign style buildings, railway bridges and track, etc., etc., as also for ship-building, must be imported from foreign countries. The development in commercial enterprise, not only in the treaty ports, but also the interior of China, and the prospective requirements for railway construction, clearly indicate that the importation of foreign wood will become steadily greater as time goes on. Whilst temporary difficulties resulting from war, shipping and finance conditions, have put a brake on importations during the past three years, the market demand for foreign wood has continued strong and steady despite increases in selling values to rates which should have the effect of putting a stop to enterprise in new construction work.

"It is certain, therefore, that as soon as normal conditions again obtain after the war is over the volume of trade in imported woods will exceed all past records."

#### VOLUME OF THE TIMBER TRADE.

The year 1917 was abnormal in many ways, and tonnage almost impossible to obtain. The import returns for timber entering China are shown to have greatly diminished. This, however, must be considered only a temporary condition, due principally to the demands of the war. The following table of total timber imports for the four years 1914-17, with countries of origin, are a fairly good index of extent of the trade, although showing great fluctuation in different years:—

	1914. Square feet.	1915. Square feet.	1916. Square feet.	1917. Square feet.
United States.. . . .	30,413,431	34,847,656	25,753,626	17,264,510
Japan.. . . .	94,721,108	29,289,169	179,470,366	33,994,754
Canada.. . . .	129,915	2,841,615	1,803,426	9,958,007
Russia, land frontier and Pacific ports.. . . .	4,487,914	2,474,992	9,270,596	5,026,661
Korea.. . . .	1,344,835	1,576,768	7,477,988	11,097,496
All other countries.. . . .	2,872,655	2,145,121	628,049	618,325
Total.. . . .	183,969,858	73,175,321	224,404,051	77,959,753

The above figures are interesting, as showing the manner in which Japan has been able to take advantage of her favourable position in respect to shipping; thus in 1916 that country secured 80 per cent of the total trade. The figures for 1917 have also a special interest to Canada; our sales of timber to China last year were nearly 10,000,000 square feet, being the greatest quantity that we have ever supplied to this country in any one year, as far as the returns show.

#### RAILWAY SLEEPERS.

The demands for sleepers for Chinese railways must ever be annual and constant, not only for new construction but to replace others which have become worn out. The following figures will show the volume of the demand within recent years, which is only a moiety of what must before very long be required. At the present time Japan is able to compete for and secure this business in face of all competitors. There seems

to be an ample supply of timber in the northern islands of Japan, and along the Yala river in Manchuria, which serves very well for the purpose of railway sleepers, and the comparatively close proximity of this wood to China and the cheapness of labour, places Japanese shippers in a position to undersell either Canadian or American millers in the China market.

## TOTAL IMPORTS.

	Pieces.	Value. Hk. Tls
1914.. . . . .	2,933,897	2,998,300
From Japan.. . . . .	2,533,864	—
1915.. . . . .	1,694,260	1,557,108
From Japan.. . . . .	1,648,837	—
1916.. . . . .	1,746,601	1,874,801
From Japan.. . . . .	1,724,126	—
1917.. . . . .	1,051,441	1,084,480
From Japan.. . . . .	1,020,482	—

Comparing value with pieces, it will be seen that the average c.i.f. price per piece was approximately Haikwan tael 1 or in 1917, \$1 C.C. per piece.

## BARREL STAVES AND HEADINGS.

Shooks for barrels and casks is an important trade; the value in 1917 amounting to over \$1,000,000 C.C., nearly all of which were supplied by Japan and the United States. Hankow and Dairen are the chief importing centres where the barrels are required in the shipment of bean and other vegetable oils to foreign countries. The shooks are received in bundles, every stave being numbered, and the portions necessary for each barrel being wired separately, so that a Chinese cooper has no difficulty in putting the barrel together in a very short time.

In respect to other woodenware, such as tubs, buckets, churns, etc., there is no demand for the foreign-made articles in this country. The Chinese make their own in great variety, which serve their purposes very well and are much less expensive than the imported article would be.

## PAPER AND CARDBOARD.

The paper trade of China is a constant and increasing business, and the difficulties which dealers have experienced during the past year in obtaining supplies were very seriously felt. This alone accounts for the diminished value of imports in 1917. The following are the figures for the four years 1914-17:—

	1914. Hk. Tls.	1915. Hk. Tls.	1916. Hk. Tls.	1917. Hk. Tls.
Total Imports—				
Quantity and value.. . . .	5,741,094	4,620,140	8,352,680	5,648,156
Value only.. . . .	937,547	1,715,884	1,327,396	704,512
Total.. . . .	6,678,641	6,336,024	9,680,076	6,352,668

The Chinese are said to have been the first people to produce a writing surface from vegetable and other fibres beaten to a pulp and compressed into sheets; therefore the industry of paper-making has existed in this country for many hundreds of years. The processes employed by Chinese paper manufacturers even to-day are still extremely primitive, and they are unable to produce by their methods the classes of paper demanded in modern printing establishments, particularly printing papers and newsprint.

Chinese newspapers are already numerous and still increasing. Every provincial capital and many of the other large cities have their native press. The principal newspapers are in Shanghai and Peking—the *Sin Wan Pao*, of Shanghai, has a daily circulation of 50,000 copies—it will therefore be seen that newsprint is the class of paper in greatest demand. The requirements of this market are, however, somewhat different from that obtaining in other countries: the demand is for a thin paper which gives a greater number of sheets to the pound.



## IMPORTED PAPER.

The classes of foreign paper in most demand consist of the following varieties: Machine glazed cap; cap, one side calendered; printing paper, calendered; printing paper, uncalendered; printing paper, coloured; newsprint, cheap qualities; cover and art paper; glazed and tissue paper; kraft and wrapping papers; strawboard.

*Machine Glazed Cap.*—This is a paper which is manufactured particularly for the China market, and heads all other varieties in import returns. Samples sent to several manufacturers in Canada brought forth replies that this class of paper is not produced by any of our mills.

M.G. cap is almost a tissue paper and to understand the large demand for this unusual class one needs to be familiar with Chinese forms of books and pamphlets.

A great many Chinese books, pamphlets and folders are printed with uncut leaves, the printing being only upon one side of the paper, the interposing pages being blank; thus each leaf of a book is really two leaves, and this tissue-like paper known as M.G. cap is employed for the purpose.

M.G. cap comes in sheets 25 by 44 inches, 500 of which weigh  $16\frac{1}{2}$  pounds. This paper was furnished to China in large quantity before the war by Norway and Sweden, and to a lesser extent by Germany and Austria.

*Foolscap Paper*— $16\frac{1}{2}$  by 27 inches, 480 sheets weigh 32 pounds.

*Printing Paper.*—Glazed, 27 by 40 inches, 500 sheets weigh 60 pounds; 31 by 43 inches, 500 sheets weigh 70 pounds. Unglazed, 27 by 40 inches, 500 sheets weigh 60 pounds.

These papers are employed for the better class of books, and books printed in English, and account books for foreign business houses and banks.

*Printing Paper, Coloured.*—Pink, green, yellow and orange are used for posters, street advertising, dodgers, etc., and may be glazed on one side, but mostly unglazed.

*Cheap News Print*—31 by 43—500 sheets weigh 37 pounds. Other sizes 27 by 40 and 25 by 35. This class of paper has a large sale, as it is this quality which is used for Chinese newspapers. It is also made use of for posters and hand bills, express notices and street advertising; for Chinese account books, scribbling pads, etc., as wrapping paper in silk shops and as lining for tea boxes, and for many purposes.

*Cover and Art Paper*, glazed and embossed, is much employed for covering fancy boxes and for making Chinese envelopes.

*Glazed and Tissue Papers* are used for making paper ornaments and artificial flowers, and for many other purposes of a similar nature. They come in white and in many bright colours.

*Kraft and Wrapping Papers* have a fairly large sale, but no actual figures of imports can be obtained. It can only be stated that the demand for this class is much under that for printing papers.

*Strawboard* is imported in large quantity almost entirely from Japan. Strawboard comes in all weights and is purchased by the ton.

## WOOLLEN TEXTILES.

China imports annually a certain quantity of woollen textiles; the trade is not large, but will probably increase. Excepting the comparatively small amount required for the demands of the foreign population, the quality called for is not of the best. Some samples of kahki serge, which were received from a Canadian manufacturer, when submitted to the dealers, were rejected as being far too dear for this market. Japanese mills turn out goods similar in appearance at half the cost, but of course correspondingly inferior in quality; nevertheless such goods suit this market, where the price is usually the controlling factor. Light and heavy beavers, meltons, serges and suitings are mostly required, and woollen and union blankets meet with a fair demand.

## IRON AND STEEL METALS.

The above represents next to cotton textiles, kerosene oil and cigarettes, the largest item appearing in Chinese customs returns, the total imports for four years, 1914-17, being as under:—

	Haikwan Taels.
1914.. . . . .	29,136,736
1915.. . . . .	18,076,361
1916.. . . . .	28,059,445
1917.. . . . .	25,168,262

A very extensive list of articles go to make up the above classification. Some of the items of this numerous class have no particular interest to Canadian shippers but the trade in the following lines is always active:—

*Iron and Mild Steel—New.*

Anchors, anvils, castings, chains and forgings.	Pipes and tubes.
Angles and tees.	Plate cuttings.
Bars.	Nails.
Cobbles and wire shorts.	Screws.
Hoops.	Sheets and plates.
Joists.	Wire.
Nail rods.	Ships' plates.
Nails and rivets.	

*Iron and Mild Steel—Old.*

Galvanized sheets.	Galvanized wire.
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*Metals.*

Copper, ingots and slabs, for minting.	Zinc, spelter.
Copper, bars, rods, sheets, plates, nails and wire.	Zinc, sheets and plates.
Lead, in pigs and bars.	Galvanized sheets, corrugated and plain.
	Tinned plates.

## GENERAL HARDWARE.

The question of the extent and value of the market for general hardware in China is open to much conjecture. As yet the market is chaotic and undeveloped. It must be constantly borne in mind that China is not an industrial country, the great majority of native industries are those of a domestic nature, and the tools which are in use by the workmen are also mostly of home manufacture. A Chinese carpenter uses his own form of axe or hatchet which also serves him as a hammer; his own kind of saw and planes, and his own rules and measures. In the interior, nails are still manufactured by hand, and scissors, razors and choppers the same. The domestic requirements of hardware in a Chinese household of the middle and lower classes are meagre in the extreme, often consisting of two or three cooking pots and a chopper, the latter being the universal instrument for all culinary purposes. Vegetables are peeled and chopped by its aid, fish are scaled and cleaned, and meat chopped by means of this instrument. Knives and forks are not employed in any house high or low, but are always to be found in native hotels. Chop sticks are in universal use; these with some bowls and cups constitute the table requirements of an ordinary Chinese family. Nevertheless it is to be pointed out that this is a country of 400,000,000 people, and even in small articles great quantities of foreign hardware in the aggregate must be consumed. Everywhere one goes in the towns and cities in the interior, there will be found many shops in which hardware of some sort is for sale. These are usually small articles such as coat hooks, foreign nails, brass screw eyes and tacks, screws, padlocks, etc.

## OPENING FOR A WHOLESALE HOUSE.

The trade in general hardware in China is very badly organized or not organized at all, but is still conducted on the methods of a quarter of a century ago. Every foreign firm in China with very few exceptions imports hardware, and through their compradores and selling shroffs this is sold to the small native dealers. In this way there are scores of foreign importers of hardware in China, and in Shanghai alone there are hundreds of shops, small and large, in which hardware is sold. Every furniture store and every grocer and general storekeeper sells hardware, and in addition numerous ship chandlers and exclusive hardware shops. But with all this there is no proper wholesale or jobbing house exclusively confining its business to hardware, and there should be an excellent opening in Shanghai for such a business. The present importers bring in hardware along with the many other lines in which they are engaged—piece-goods, soap, leather, machinery, whisky or anything—consequently the trade receives no special representation.

## RETAIL TRADE.

The retail trade in hardware, as in most other lines of goods in China, is in the hands of native dealers, and, as before pointed out, hardware in many shops is mixed in with many kinds of goods. There are, however, some native shops in which hardware is exclusively sold. On the Broadway, Shanghai, will be found a number of native metal and hardware dealers, many of them in a large way of business and carrying heavy stocks.

## FUTURE OUTLOOK.

The present-day condition of the hardware trade is no index of what the future will have to offer. Industrial enterprises in China must soon be put under way. Railways must be built, and agricultural methods vastly improved, if China is to make any headway at all, and the hardware trade must also expand through the needs of those enterprises.

Broadly speaking, there is some demand in China for almost everything which is usually classed as hardware. The demand in some lines, however, must for a long time be only casual, and would not be sufficient to justify a dealer in carrying stocks. This is true of building hardware of high-priced and artistic nature, for a demand for this class could only exist in Shanghai and two or three other cities.

The following is a list of articles which are in fair demand, and in which the trade must eventually increase, leaving out iron and steel and metals already referred to:—

Bath room fittings.  
Brass valves and cocks.  
Buckets, galvanized iron.  
Cash boxes.  
Chains (no great demand).  
Chisels.  
Cold chisels.  
Coat hooks, iron, japanned.  
Coat hooks, brass.  
Cabinet hardware, drawer pulls, etc.  
Door handles.  
Door hinges and butts.  
Door locks.  
Enamelled ware—hand basins, cups, jugs, chambers, etc.  
Emery cloth and sand paper.  
Emery wheels.  
Files.  
Gimlets.  
Hair clippers.  
Hammers.  
Harness and saddlery.  
Hoop iron—for bailing cotton, hides, etc. (large demand).  
Hose—hemp, canvas, and rubber.  
Iron bolts and nuts.  
Lanterns, ships and other.

Lamps—kerosene.  
Leather, upholsterers.  
Leather, imitation.  
Pipes and fittings.  
Pipes, wrought iron.  
Pipes, cast-iron.  
Pipe fittings.  
Pipe cutters.  
Pocket knives.  
Pumps, force.  
Padlocks.  
Razors.  
Rivets.  
Rules.  
Screws.  
Screw eyes.  
Sash fasteners—French pattern only.  
Scales and balances.  
Scissors and shears.  
Squares.  
Saws and saw sets.  
Screw drivers.  
Shovels.  
Tapes.  
Tool handles.  
Vises.  
Wrenches.



It is to be borne in mind that Shanghai is a great shipping port, and much ship chandlery is required. The shipyards and the numerous mills and factories in this port must also be in daily need of many articles of hardware. The same opportunities exist to a less extent in Hankow and Tientsin and Hong Kong. In the aggregate the hardware business of this country is most important, and is certain to greatly increase with the coming years.

#### PAINTS AND PAINT OIL.

Practically all the paints and lead imported into Shanghai, and presumably into the other ports of China, are of English manufacture. Paints are imported in base colours ground in oil, red, green, yellow, blue and black being the order of relative importance, the Chinese painters prefer to mix their oil and turpentine to suit themselves. Ready-mixed paints are not in demand, but there would seem to be no reason why a certain amount of trade should not be worked up in paints of this class. White lead and zinc are almost entirely of English manufacture. The c.i.f. cost of white lead before the war was about \$5 C.C. per hundredweight. A higher grade of white lead and zinc costs \$8 to 8.50 C.C. per hundredweight c.i.f. There is a large demand in all eastern markets for distempers for washing walls, for wall paper is not in vogue. Marine paints and rust preventatives for ships' bottoms have also a large sale. Coach and other varnishes are also in demand to a limited extent.

#### ENAMELLED WARE.

A considerable and increasing demand for enamelled ware exists in all the China markets. The patterns in greatest demand consist of wash basins, jugs, cups, plates, tea kettles, chambers, cuspidors, spoons, etc. Every Chinaman when he travels carries his own wash basin with him, for Chinese hotels and inns are not provided with such conveniences. Austria, Germany and Japan before the war had practically all of this trade, and since the war Japan has succeeded to the business of the two former countries. The quality is the very cheapest possible, and many of the articles are highly decorated, with gaudy flowery designs. Others come in pale pink, deep blue, and plain white. The quality of enamelled ware produced in Canada is far too good for the China market, and could not be sold at the price the quality should demand. To obtain any of the China trade in enamelled ware a special cheap quality would need to be manufactured, in order to compete with the countries now holding the trade. A certain small demand exists among the foreign residents in China for granite ware of good quality, meat roasters, boilers, saucepans, and other cooking utensils being the articles mostly required.

#### GENERAL MACHINERY.

No better proof of the backward condition of China's industrial progress could be shown than in the small volume of imports of general machinery. About the only classes of machinery for which there is any demand are machinery for flour mills and cotton mills. Those are the only two classes of manufacture that can really be said to be flourishing in China. Although 75 per cent of the people are agriculturists, yet there is no sale here for agricultural machinery. The Chinese farmer is wretchedly poor; his land holding consists of a few acres only, from which he and his family by the most labourious toil barely manage to exist. He never gets sufficiently far ahead to be able to purchase machinery, and would have no great use for it if he had it. The ship-building and engineering works manufacture their own engines and boilers. There is some demand for lathes, also for winches and hoisting machinery, and gasoline motors are coming into use. It is difficult to understand how China can hope to improve the economic condition of its people unless by industrial methods. At present there is no outlet for the people's activity, and not sufficient work to go round, consequently many millions are either out of work a great portion of the time, or

working at unremunerative wages. It is plainly evident that some improvement must take place sooner or later, and more mills and factories be established, and then more machinery will be required.

#### ELECTRICAL MACHINERY AND FITTINGS.

For some years preceding the beginning of the war, considerable activity was shown in the demand for electrical machinery and fittings in China. This was one of the fields of enterprise in which the Germans were most active, and due to their pushing methods and granting of credits, many interior cities and towns became installed with electric light plants. During the past four years this business has ceased to a great extent, the high cost of equipment and the difficulties of obtaining supplies being the cause. Whatever new installations were made within that period were mostly furnished by Japan. The fashion for lighting their cities by electricity having thus been established among the Chinese, it is quite certain that the practice will continue and extend, as there are many hundreds of large towns in China, the future of the business in this country is promising. Small dynamos are in demand in Shanghai, for rice cleaning mills, small flour mills, machine shops, printing offices, and small factories generally, the Municipal Electrical Department supplying the power to all such consumers at a very low rate. Competition in this business is keen, and all the large manufacturers in England, the United States, and Japan have direct representation in Shanghai.

#### SEWING MACHINES.

Sewing machines are coming into fairly general use in China even among the lower classes. A certain American company sells practically all the sewing machines used in China. This company maintains agencies throughout the whole country, and by selling their machines on the hire purchase system are doing an extensive business. They accept payment as low as two dollars Mexican per month, and as soon as the initial payment is made, the machine passes at once into the possession of the purchaser, and is available for use. In this way the women of many poor families are able to add to the general income of the household by taking in domestic and other sewing. It would seem that this business is capable of much expansion by other companies along similar lines.

#### MEN'S CLOTHING AND BOOTS AND SHOES.

No great demand for men's readymade clothing can be expected in China for a very long time. The great mass of the people still dress in the native style, and while many young men have adopted foreign clothing it is all made locally by Chinese tailors, who are to be found in all the ports of China where foreigners reside.

A certain demand exists for boots and shoes, men's and women's, for the foreign population only. The demand is supplied by the different drapery stores which act as agents for well-known manufacturers in the United Kingdom and the United States. There are many excellent Chinese and Japanese shoemakers in Shanghai and the other large ports. They can turn out boots and shoes to any pattern that is required and are freely patronized. Many Chinese are wearing foreign-style boots and shoes, which are all made by hand by native workmen. The leather employed for this class of footwear is usually of inferior quality, but the price of the boots is not more than half that of the imported article.

#### TINNED VEGETABLES AND FRUITS.

The great demand which exists in Canada and the United States for the numerous kinds of canned provisions produced in those countries has no counterpart in China; this is noticeable even on the tables of the foreign population and in the leading

hotels. The slight interest that is taken in the cooking and preparation of vegetables for the table in this country is appalling. Chinese cooks seem never to have been taught how to cook vegetables; even the potatoes are not properly cooked, but are served in the same fashion year after year. The people go abroad, but never bring back any new ideas how to prepare food. One rarely gets the delicious tinned tomatoes, corn and peas that are procurable at home; but instead cabbage, spinach and string beans of native growth are served *ad nauseam*. Among the members of the American community and certain others, other vegetables are not infrequently found on the tables, but the great majority of the foreign residents do not understand vegetable cooking, or are indifferent to it. This is unfortunate in a country in which one is obliged to decline any green thing that is uncooked. An article for which there is a large demand is white California asparagus; this is very much in vogue for dinner parties, either hotel or private. It is served as a separate course and may be eaten either cold or hot.

*Tinned Fruits.*—Peaches, pears, plums, grapes, etc., are in rather more demand than vegetables and as this class of luxury appeals to the taste of the Chinese, the trade should further expand. Evaporated fruits, apples and peaches meet with only a small sale.

#### JAMS AND JELLIES.

Jams and jellies are always in demand wherever English people reside, for such are an indispensable constituent of an Englishman's breakfast. This class includes also oranges, marmalade and honey. The Chinese also appreciate this form of food, consequently there will always be a market of certain value in this country for all such articles.

#### CONDENSED MILK IN TINS.

The raising of domestic cattle in China, except for meat or as beasts of burden, seems never to have been practised, and the people have never engaged in dairying as an occupation. They do not use milk in any of their culinary operations, and native butter and cheese are unknown. There is no evidence to show that the Chinese are soon likely to change their customs in this respect even while recognizing the value of milk as a diet, and will probably continue to import large quantities of foreign tinned milk year by year.

Many countries are engaged in supplying this market with tinned milk, but the United States furnishes practically 50 per cent of the total imports.

Canada's quota is not of great amount, but for several years we have furnished a portion of the demand and the market is always open to further expansion.

To compete successfully for a portion of this trade in China, the main essentials are to produce a good article and to establish a brand. Once the brand is established which shows that the contents of the tin are correct, and the price right, the article can be sold for all time on its name. Certain brands of tinned milk and cream have been sold in China for the past twenty years, and their sales are annually increasing. Dealers refuse to introduce a new brand of milk unless they can be assured that they will be able to receive the same article indefinitely.

#### OTHER TINNED FOOD.

There is a fair demand for other forms of tinned food, such as corned beef, ox and sheep's tongues, bacon and ham, and sausages. These are very popular with travellers in the interior of the country, surveying and prospecting parties, and explorers.



## BISCUITS AND CONFECTIONERY.

English and Australian biscuits have a large sale not only among the foreign population but with the Chinese. The trade is expanding and must continue to increase. Canadian manufacturers could no doubt obtain a portion of this business if they had some representation here, and would study the needs of the market. The trade in foreign confectionery is also increasing, and there is always a demand—particularly in the winter months and at the Christmas holidays—for high-grade chocolates and other sweets in fancy boxes.

## FRESH APPLES.

A few carload lots of Canadian fresh apples are regularly received in Shanghai every winter. They have usually opened up well, and are much appreciated and meet with a ready sale. When ocean freights again descend to reasonable figures this trade should materially increase in the season.

## SOAP.

The sale of soap in China largely depends upon the cost. It would appear that Great Britain is able to produce the quality of soap that is in greatest demand in China at a lower cost than any other country, and consequently receives the bulk of the trade. Great Britain and Japan together furnish practically the whole of the foreign soap imported into this country. Imports do not appear to greatly change from year to year, the returns for the past five years being practically the same. This may be accounted for by the fact that China produces much soap within the country. Soap factories have sprung up in many places within recent years. Shanghai, Hankow and Tientsin are the chief manufacturing centres, but factories are also in operation at many other points. This and the kindred industry of candle-making go far towards supplying a large share of the demand for both commodities.

It is not improbable that within a few years China itself may be a large exporter of soap.

A combination of some of the larger manufacturers in Great Britain has recently purchased an extensive area of land on the water front at Shanghai, the intention being to engage in the manufacture of soap on a large scale. The remarkable development of the vegetable oil industry in China, and the presence of much tallow and other fats in the country insuring an abundance of the necessary materials on the spot, are looked upon as favourable to the successful promotion of the industry in this country.

## MATCHES.

Foreign matches to the value of about \$5,000,000 Canadian currency are imported into China every year, and Japan furnishes practically all. Canadian manufacturers could without doubt participate in this business if the right kind of effort were made, yet Japan occupies a most favourable position in respect to this trade. Labour is reasonably cheap and raw material is abundant; factors which must make it exceedingly difficult for other countries to compete.

## WHEAT FLOUR.

The position of the foreign flour trade with China is full of uncertainty, and the prospects of the trade in future years is one of pure conjecture. At the present moment the situation is that instead of China being a large importer of wheat flour as was the case five years ago, this country has gradually attained to the position of an important source of the world's wheat supply. As will be shown in the chapter on Agriculture in China, notwithstanding the most primitive methods of farming, the wheat crop of

China last year was sufficient to supply all the needs of the country in flour, in addition to exporting a considerable quantity of wheat to England, and a large quantity of flour to Hong Kong, Java, the Philippines, and to Singapore and French Indo-China; and had it not been for the very high freight rates which prevailed during the year, Shanghai milled flour would have been found for sale in Vancouver. This from a country which in 1913 imported 1,780,000 barrels of flour at a cost of over \$6,000,000 C.C. It is true that a certain quantity of Japanese flour was imported into the northern ports of the country—Antung, Dairen and Tsingtao; but this was more than offset by the large volume of exports of flour from Shanghai to southern countries. The outlook for the China import flour trade is therefore not very encouraging to Canadian millers, and it will probably be difficult for Canadian, American or Australian flour soon again to compete in price with the flour of far eastern countries. The quality of the former is of course higher grade, but that is not of sufficient importance with the Chinese consumer to make up for the difference in cost. It must be borne in mind that Japan and Korea are becoming extensive producers of flour, and Siberian flour must also some day come into this market. The outlook is therefore not sufficiently promising to justify a very hopeful attitude towards a large market in China for Canadian flour, unless prices become materially reduced at home.

#### MOTOR CARS.

Until some further extension of suitable roads is put under way in China, this market for motor cars and similar vehicles cannot be of much account; for there are no roads whatever in China excepting a few of short distance around about three or four of the treaty ports. In Shanghai and its vicinity there is a fair mileage, constructed not by the Chinese but by the foreign settlement municipal council, and motoring is very freely indulged in by the foreign residents as well as by the Chinese. Road construction in and about Peking has within the past three or four years greatly developed, and it is now possible to motor fairly long distances over new and excellent roads, and to visit historical places which formerly could only be done on horse back or in carriages. Tientsin has also a few miles of roads, and Tsingtao has quite a number of miles of excellent roads which were built by the Germans. The principal markets for motor cars are therefore Shanghai, Peking, Tientsin and Tsingtao. Garages are to be found at all places, and the Peking demand should increase, on account of the large tourist patronage. However, the sale of motor cars in China must depend entirely upon the construction of roads, and as the latter increase so must the demand for motor cars also increase. Total imports at present represent from 300 to 400 cars per year, mostly of American manufacture.

NOTE.—An alphabetical list of well established firms of shippers and importers in the leading ports of China may be obtained in writing to the Commercial Intelligence Branch, Department of Trade and Commerce, Ottawa, referring to File 23019.

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